

POWERFUL PERFORMANCE

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FINANCIAL REPORTS



We guarantee an
unprecedented experience
and instill immense
confidence by continuing to
maintain the highest
standards and practices in the
cable industry. We believe that
quality and customer care go
hand in hand in achieving our
goals thus becoming an
unparalleled entity and a force
to be reckoned with. All this
comes together in our
powerful performance.

Our Vision

To become the nation's leading electrical solutions provider

Our 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



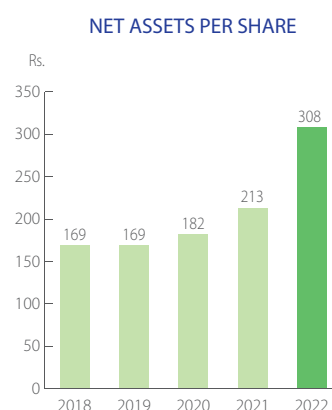
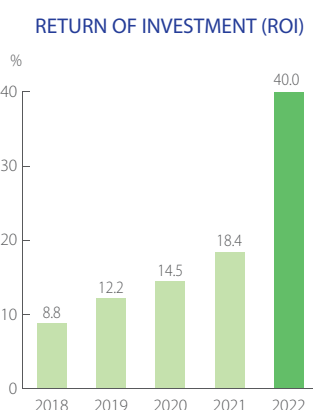
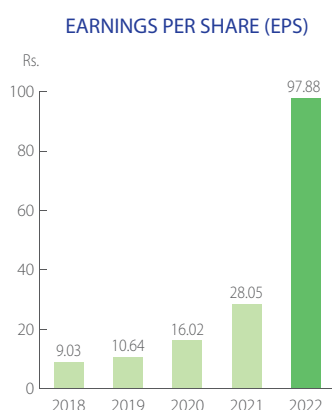
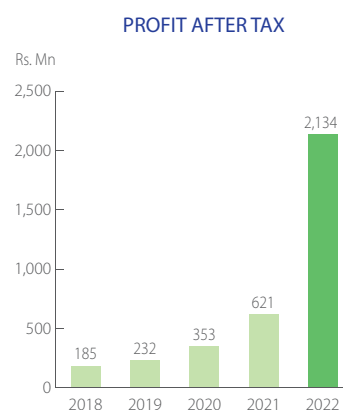
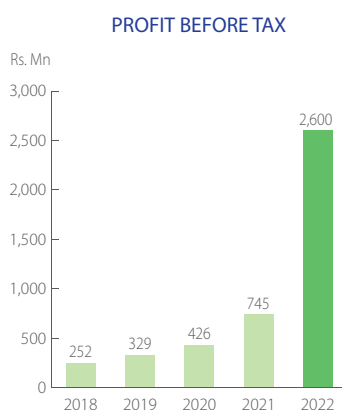
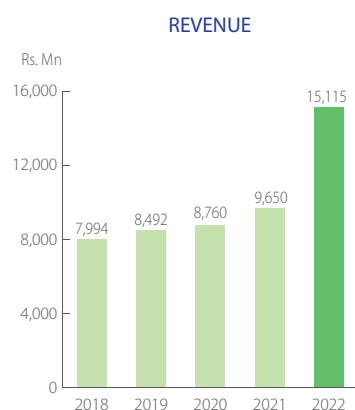
Kelani Cables was founded in 1969 as a manufacturer and distributor of power and telecommunication cables and enamelled winding wires. Having begun operations with just twelve workers, Kelani Cables is a household name today with over a 500 - strong workforce and a solid reputation for quality and stability. The Company celebrated its 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,		2022	2021
Revenue	Rs. Mn.	15,115	9,650
Gross profit	Rs. Mn.	3,257	1,284
Profit before tax	Rs. Mn.	2,600	745
Profit after tax	Rs. Mn.	2,134	621
Net assets	Rs. Mn.	6,721	4,650
Net assets per share	Rs.	308.29	213.29
Earnings per share (EPS)	Rs.	97.88	28.50
Return of investment (ROI)	%	40.0%	18.4%
Market price per share (end)	Rs.	290.75	111.75



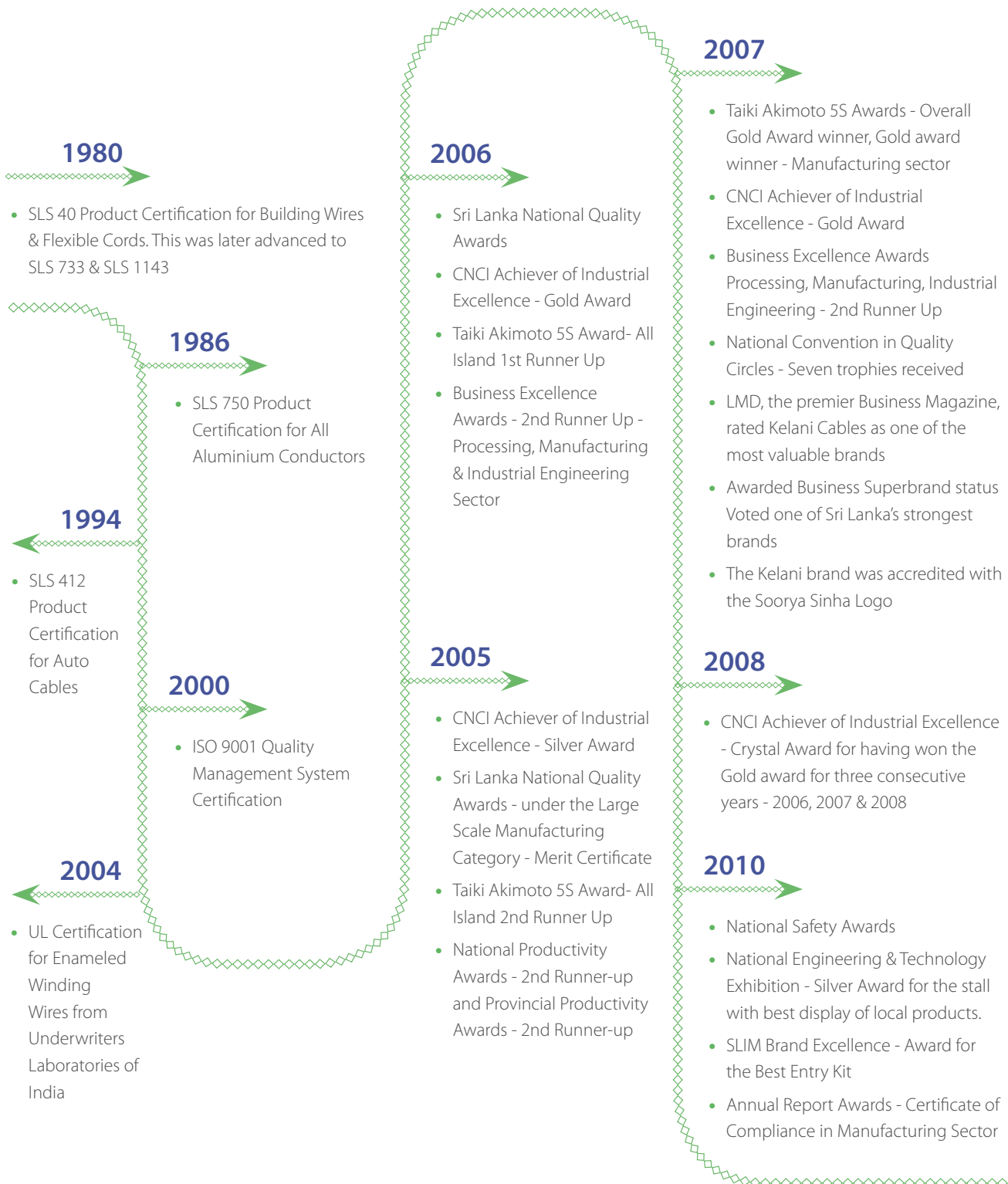
Revenue

15,115 Mn.

Revenue Growth

57%

System and Product Certifications and Awards



2014

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

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

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

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

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

2020

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

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

2018

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

Chairman's Review

While the ensuing months are expected to be complex and undoubtedly challenging, 'Kelani Cables' will continue to strategize its mode of doing business to adapt and grow.

Dear Stakeholder,

Our 53rd year in business has been an exceptional one Kelani Cables PLC recovered from an unprecedented period triggered by the COVID-19 global pandemic that created multiple disruptions to industries globally, combined with a volatile local economic environment. While a downward economic spiral continued in to the current financial year, the ability of our team to consolidate its strengths, adapt quickly and efficiently to unexpected challenges augured well for our brand and reflected in your Company's robust performance in FY2021/22. We recognize that we have an even more challenging year ahead in the backdrop of the country's deteriorating macroeconomic and political climate. Having said that, our focus will be to better our approach in how we will continue to operate as a leading Company in the industrial cable industry in Sri Lanka. It is in this backdrop that I share with you our challenges and financial performance for the financial year ended 31st March 2022.

CHALLENGES AND MITIGANTS

The industrial metal market led by aluminium and tin witnessed a surge in prices during 2021 led by a tightened supply and a strong demand recovery post the pandemic. The London Metal Exchange (LME) experienced a 25% hike in copper prices as at end 2021 versus a 26% rise in 2020 while aluminium recorded its biggest gain of 42% in 2021. As a result, raw material price fluctuations during the year coupled with a rapidly depreciating Rupee against the US Dollar exerted negative pressure on the Company's cost of procurement. This was however mitigated significantly via timely procurement of raw material and with the available facilities with the Banks.



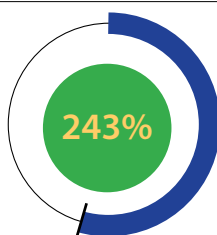
A gradual contraction in the Sri Lankan economy throughout 2021 followed by a significant deterioration commencing early 2022 reflected in a challenging fourth quarter. Further depreciation of the local currency, a severe balance of payments crisis, fuel price hikes and a general worsening economic and political climate exacerbated our trading environment. Multiple construction projects continued to be on hold.

All of these factors necessitated immediate price revisions across our product range and cost efficiency measures via low interest rate borrowings and internal cost management. A decision to migrate to reduced credit terms and cash-based sales while incentivizing our customer groups with discounts, served to benefit all parties involved while boosting the revenue of the Company. This helped Kelani Cables weather a difficult period quite successfully while boosting the Company's topline.

NPAT

2021/2022

2,132 Mn.



Despite the challenging period, your Company did not compromise on its sound manufacturing standards which served to retain its diverse customer base and attract adequate revenue despite the price revisions. 'Kelani Cables' continued to hold its dominant position in the market as a cable manufacturer as a result.

FINANCIAL PERFORMANCE

Upward price revisions across our product portfolio together with a migration from credit sales to cash based sales contributed towards a 57% growth in revenue to Rs. 15.1Bn versus Rs. 9.7Bn in the previous financial year. In the backdrop of a fast depreciating Rupee against the US Dollar, this substantial growth in revenue, timely procurement of the Company's raw material requirement and the Company was able to manage the cost within the available bank facilities which helped absorb the copper and aluminium price fluctuations during the year. The Company was also able to enjoy a significant exchange gain of Rs 191.8Mn stemming from its stronghold of US Dollar denominated deposits which contributed towards a 200% growth in operating profits to 2.4Bn from Rs 819.6Mn in the previous financial year. As a prudent measure, the Company channeled its sound cashflows towards the settlement of its short-term borrowings and reported a growth in its post-tax bottom line to Rs 2.1Bn from Rs. 620.9Mn in the previous financial year.

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.97.81 from Rs.28.48 in the previous financial year while the Company share closed trading at Rs.290.75 per share as at financial year end.

AWARDS

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

FUTURE

Sri Lanka's economy is expected to contract further. The acute shortage of foreign currency, rising inflation, spiraling commodity prices, fuel shortages and halted debt repayments amongst a worsening balance of payments crisis will not favour an investor climate. Negotiations with the IMF while in the pipeline is coupled with a reducing confidence in national governance. This together with the global recessionary climate

together and the Russian-Ukraine conflict is expected to exert immense pressure on major sectors of the economy and a contraction in output.

Metal prices are expected to stay elevated amidst a tightening supply situation and weaker global economic growth. Demand for metals has softened mainly due to a contraction in economic activity in China due to lockdowns in major cities. Inventories for most metals have also reached historically low levels due to elevated energy costs that have restricted the supply of refined metals specifically aluminium while sanctions on Russia could further disrupt supply.

While the ensuing months are expected to be complex and undoubtedly challenging, 'Kelani Cables' will continue to strategize its mode of doing business to adapt and grow while aiming stable cash flows. The need of the hour is for political and economic stability to establish a proper industrial policy that supports a smooth flow of operation. We will have to continue to proactively lobby for this so as to regulate the cable industry in Sri Lanka more efficiently.

APPRECIATION

Kelani Cables PLC has experienced two years of a global pandemic at its peak and is now adjusting its mode of operation in a recessionary climate for business both locally and globally. The past few years have been undoubtedly challenging with remote working became the new norm. Time and again, 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. None of this would have been possible without the joint effort and contribution at every level of the organization for which I remain grateful. 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. We assure you that we will continue to deliver to the best of our ability always.



Upali Madanayake
Chairman

29 July 2022

Director / CEO's Review

I am proud to say that all of these challenges only served to bring out the best in our people which reflected in the exceptional performance delivered by an exceptional team at Kelani Cables PLC .

It is with great pleasure I would like to share that your company outperformed its' previous financial year, exceeding all expectations. In our journey of 53 years, this has been the best performance to date and I applaud our team for the excellent performance and growth during a very challenging time that involved a pandemic and a deteriorating economic and political situation.

Our journey has always remained purposeful while our proactive approach in how we managed the challenges thrown our way by 'COVID19' and a worsening economic crisis reaped results. The depreciation of the Rupee against the US Dollar which commenced in the third quarter of 2021 exerted negative pressure on our operations considering the severe shortage of dollars to procure copper and aluminium, our key raw material imports. In combination with fuel shortages and extensive power disruptions of 5 to 6 hours per day, we did face constraints with our manufacturing processes and the distribution of finished products to our customers.

I am proud to say that all of these challenges only served to bring out the best in our people which reflected in the exceptional performance delivered by an exceptional team at Kelani Cables PLC .



Gross Profit

2021/2022



	2020/2021 Rs. Mn	2021/2022 Rs. Mn	Growth
Revenue	9,650	15,115	57%
Gross Profit	1,284	3,257	154%
NPAT	621	2,132	243%

COMMUNITY

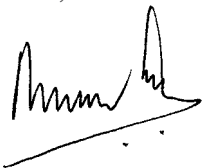
Our CSR Project 'Kelani Saviya' in collaboration with the Engineering Faculty of the University of Peradeniya and 'Kelani Shakthi' CSR project with the University of Jaffna made significant progress. Electrical technicians who acquired valuable skill continue to serve the public while some have their own workshops and are successfully employed.

ACKNOWLEDGEMENT

Kelani Cables PLC has showcased its ability to perform exceptionally well during challenging times and conditions as faced during the period under review. Our experience of 53 years comprising a committed workforce has contributed to this growth and has proved our capability to adapt to any situation.

I would like to acknowledge and appreciate the Directorate, Management, team of employees and all our stakeholders for their effort and dedication towards believing in our vision and growing our business during the period under review.

Thank you



Mahinda Saranapala

Director/Chief Executive Officer

29 July 2022

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 PGP Glass 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.

Board of Directors



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 9001 Quality 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 AVIVA NDB 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, Panasian Power PLC, Singer Sri Lanka PLC, 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. Ralph Rajasundaram
Deputy General Manager Sales



Mr. Sajeewa De Zoysa
Deputy General Manager Procurement



Mr. Abhaya Ranawaka
Manager Projects & Engineering



Mr. Namalke Ekanayake
Plant Manager Plant 3



Miss. Shyama Perera
Manager Technical Operations

Senior and Middle Management Team



Mr. Channa Jayasinghe
Marketing Manager



Mr. Kumara Withanarachchi
IT Manager



Mr. Asela Jayathilake
Senior Accountant



Mr. Narmal De Zylva
Stores Manager



Mr. Rohana Wadduwage
Sales Manager - Power & Energy Sector



Mr. Sameera Jayasekara
Group Human Resources Manager



Mr. Sagara Balasuriya
Manager Transport



Mr. Chaminda Waidyathillake
National Sales Manager



Mr. Suranga Pathirana
Head of Sales Institutional



Mr. Chandima Weerasinghe
Head of Sales – Lighting



Mr. Dinuka Chandrakeerthi
Plant Manager Plant 1



Mr. Jaliya Ranaweera
Production Manager Plant 3



Mr. Chinthaka Fernando
Manager Quality Assurance



Mr. Pradeep Roshantha
Production Manager Plant 2

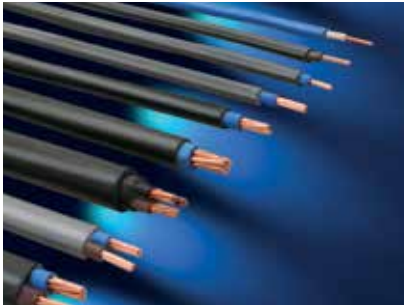


Mr. Pradeep Abeyratne
Accounts Manager

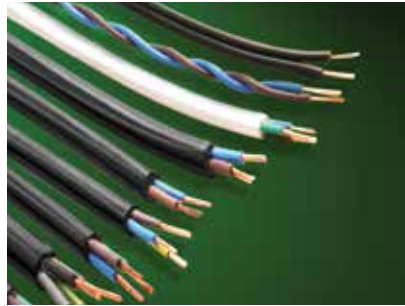


Mr. Wasantha Siriwardhana
Manager Process Control

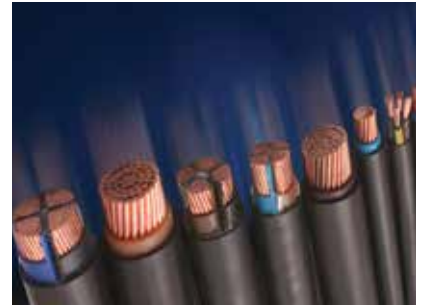
Product Portfolio



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



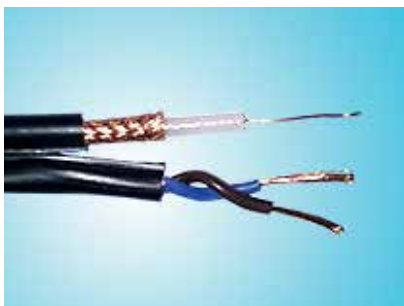
KELANI LEAD FREE SUBMERSIBLE PUMP CABLES



SCREENED CABLES



IRON CABLES



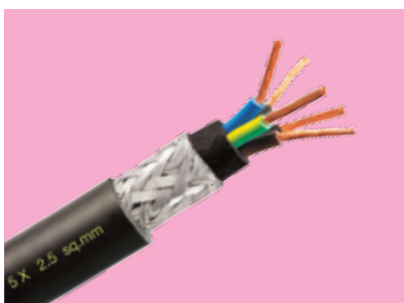
KELANI CCTV CAMERA CABLE



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



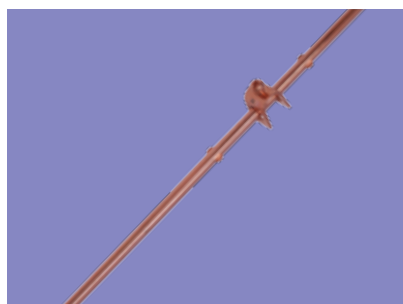
KELANI MASKING TAPES



KELANI LUGS



KELANI GLANDS



KELANI EARTH ROD

Management Discussion & Analysis

Our stronghold and exceptional performance 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.



Management Discussion & Analysis



FINANCIAL CAPITAL

Kelani Cables has recorded its highest post tax profit of Rs. 2,132 Mn. for the year 2021/22 both as a company and as a group despite disruption to business activities due to the COVID-19 pandemic and current economic conditions. Several travel restrictions imposed for Covid 19 and unfavourable economic conditions of the country, impacted mostly to the performance of the company. But it was managed through the strong brand and image of the Company.

Unfavorable economic conditions including fluctuation in LME and restrictions on opening LCs in local banks. The revenue growth of 57% was very satisfactory under the prevailing conditions. (Due to the fluctuation in LME of copper, our key raw material, coupled with import restrictions on several key raw materials along with the forex shortage of the country, resulted in several price revisions of our products.) Despite all these challenges, we did not compromise on the reputation of our brand, and the quality of our final product.

REVENUE

Our revenue recorded its highest Rs. 15.1 Bn. during the year and it was a 57% increase compared to previous year's Rs. 9.5 Bn. Our PVC and Enamel Winding Wire sector have contributed mostly to this milestone performance.

GROSS PROFIT

The Company was able to maintain 22% gross profit margin compared to 13% in previous years. This was mainly due to the Company revenue increase by 57%. Despite such adverse economic conditions like, pressure on cost hikes & inflation, the Company was able to run through healthy margins resulting of timely price decisions and cost controls.

COST MANAGEMENT

The Company's operating expenses was increased by 8% due to combined effort of both Administration and Distribution expenses. Administration expenses were increased by 27% while distribution expenses were reduced by 5%. This was mostly driven by higher operational activities of the Company coupled with the inflationary situation of the country. Under the current circumstances, 'Kelani Cables' reduced its marketing and advertising expenditure and 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.

Profit Before Tax

Rs. **2,598** Mn.

Net Profit

Rs. **2,132** Mn.

PROFITABILITY

The profit of the Company has continued to grow remarkably during the year; pre and post-tax profit increased by 249% and 243% respectively compared to the previous year as result of firm and timely decision taken during multiple challenging times.

	2021/2022 Rs. Mn.	2020/2021 Rs. Mn.	2019/2020 Rs. Mn.
Revenue	15,115	9,650	8,760
Gross Profit	3,257	1,284	1,313
GP Margin	22%	13%	15%
Operating Profit	2,416	820	483
Net Profit	2,132	621	355
Net Profit Margin	14%	6%	4%



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 53 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

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.

MANUFACTURING AND OPERATIONAL EXCELLENCE

Kelani Cables has earned a reputation of being a leader in cable products and wiring solutions for 53 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.

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.



Management Discussion & Analysis



HUMAN CAPITAL

OUR PEOPLE

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

Our culture is captured by our five values –

Respect, Integrity, Quality, Family, Learning.

These values are interlinked and together define how we make decisions, how our people act and how we assess and reward them. Our leaders are role models for these behaviours, of so everyone in Kelani Cables understands the way we work. KCL workforce consists of different high level competencies with Top & Critical Talent.

We place immense value on our human capital, as they are the key factor in our achievement of 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 skills have brought us to where we are today, a leader in the cable manufacturing industry enjoying a regional presence, in Partnership with a renowned clientele.

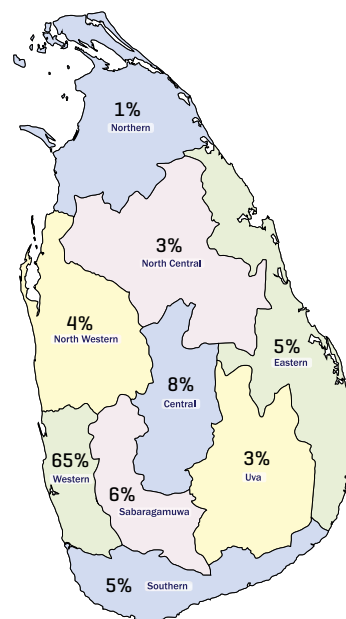
Every business partner at our Company is accountable for attracting, developing, retaining and engaging talented people and also enabling them to execute our strategy. By doing so, we are able to connect with communities, provide excellent customer service and bring satisfaction to the customers.

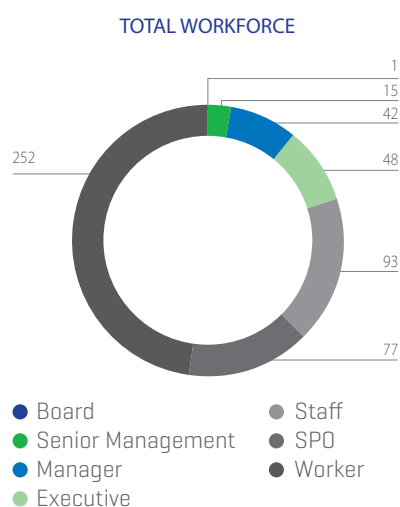
WORK PLACE DIVERSITY

Kelani Cables promotes workplace diversity from the point of recruitment, where variety encompasses ethnicity, religion, culture, physical attributes and diverse talents. We believe that diversity enriches the talent pool and we encourage constant innovation through ideas and resources.

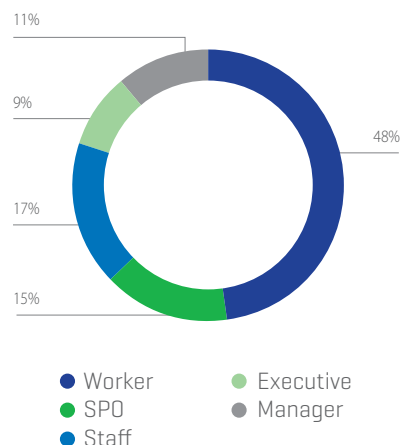
Our people philosophy focuses on attracting, developing and building a pool of talented, dynamic and a motivated human resource base with the right competencies to proactively meet our mission & objectives. The very high retention rates (which are well above industry average) and absenteeism rates reflect the employee commitment & satisfaction also. Group recruitment and selection processes are streamlined to meet evolving business needs, whilst 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.

TOTAL WORKFORCE BY REGION





TALENT CATEGORY GRAPH
PERMANENT



TALENT ACQUISITION

With the challenges ahead, Kelani Cables PLC has adopted a balanced approach to talent acquisition. It relies both on leveraging the trade learners, skills and experience already available within the organization, while bringing in the necessary capabilities that will help position Kelani Cables for long-term sustainable performance.

Kelani Cables continued to strengthen its internal career mobility activities to drive greater career development and retention of employees. The current focus is on communicating and informing employees, creating greater visibility of opportunities, enabling managers and setting a suitable framework. We are acquiring top and critical talents through;

Vocational & Technical Institutes (VTEC),

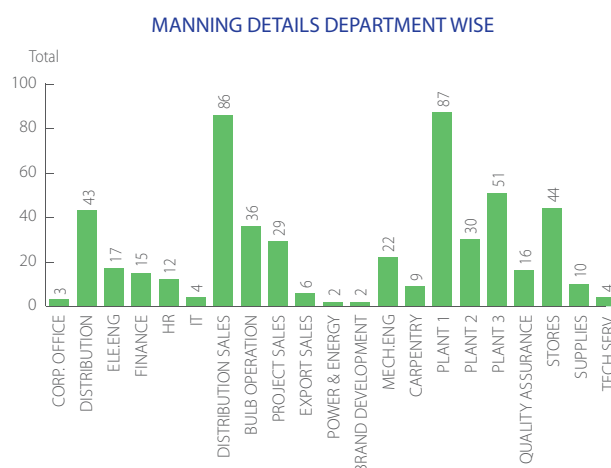
National Institute of Technical Authority (NAITA),

National Youth Corps (NYC) institutions

University colleges.

A key aspect of internal career mobility and an important measure to realize restructuring programs in a socially responsible manner. A particular focus will be placed on facilitating cross-divisional moves, which also allows employees to develop and expand their skills and pursue diverse careers.

DEPARTMENT GRAPH



TALENT DEVELOPMENT

Kelani Cables' business performance relies, first and foremost, on its employees. The Company seeks to build the capabilities of managers and staff to help them develop both professionally and personally and to position the organization for future success. Talent and development activities are aligned to three priorities, building leadership capabilities and developing future leaders, fostering an environment that supports sustainable performance and promoting continual professional and personal development for all employees.

Management Discussion & Analysis

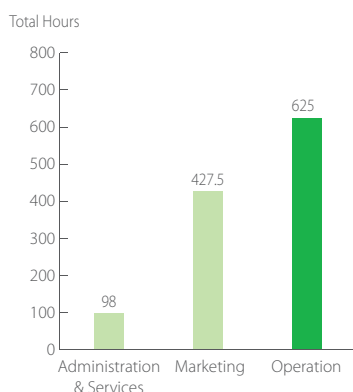
Kelani Cables is transitioning all performance management and development processes into one fully integrated approach. Continuous learning and development are seen as vital to ensuring employees have the skills, knowledge and abilities for their current roles and are prepared for new challenges.

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

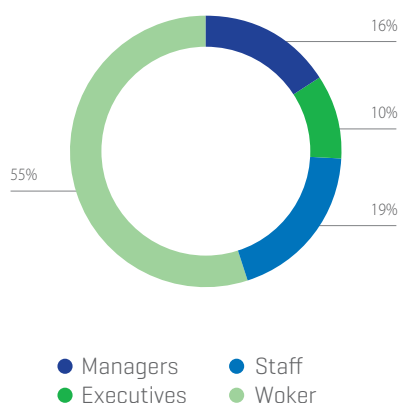
We focused on trainings as main tools that improve the talents. We make sure identify training needs through Performance evaluation System as well we are committed to improve their talents through ad-hoc trainings and professional courses.

TRAINING GRAPH

TRAINING BY DEPARTMENTS



TRAININGS BY CATEGORY



There were number of training programs for individuals who have the potential to be future leaders, preparing them for the next stage of their development and ensuring they gather the right skills and experience to accelerate their careers.

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 annually. The Company maintained a broad offering of programs. In accordance with the strategic priorities of Kelani Cables, there has been a greater focus on sales and marketing topics. A significant part of training is now delivered via innovative learning tools & due to covid-19 situation most of the trainings has been done through online facilities.

CARING FOR OUR TEAM IN PANDEMIC TIME:

Employee Health and Safety Ensuring the health and safety of the team has always been a priority and even more so during the COVID-19 pandemic time. Strict health and safety protocols were put in place across all our locations with a dedicated safety committee overseeing all health and safety procedures and ensuring compliance with global and local guidelines. Stringent health and safety measures including weekly PCR testing for 5% of 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 ensure all safety standards are according to the factory ordinance and 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 factory locations. As part of our COVID-19 safety protocols separate isolation rooms with all required facilities were arranged at all locations with specific protocols on how to respond in the event COVID-19 positive cases are identified.

We would like to mention that Kelani cables provided assurance to employees about their jobs security & Full remuneration maintained for all employees across the organization within the financial year.

COVID 19 PPE



TRAINING FOR OCCUPATIONAL HEALTH AND SAFETY

While we are focused on improving the overall well-being of our people, we know this begins with providing a safe workplace. In order to further improve employee safety, particularly targeting workplace accidents, we continue to strengthen our safety programmes. We provide fire safety training for fire team who drive Company on emergency situation and first aid team focused on life saving first aid. Presentations included practical exercises and information on first aid techniques including CPR and defibrillators. The exercises were presented with reputed organizations like Red Cross. We are a family that ensures safe environment and excellent occupational health to our employees. Zero major accidents reflects our commitment towards the safe work environment. It's a great commitment & contribution offering through the Safety committee and Monthly safety reviews to maintain international standards.



Fire training program and fire evacuation drill

Management Discussion & Analysis

First Aid training program for First Aid Team



TALENT RETENTION

When our people are happy, this naturally spreads to our consumers, customers and partners. Because we believe that having healthy, happy, engaged people 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, for example, we offer medical check-ups and encourage participation in company and community supporting events and healthy living programs, to foster understanding of healthy living and energy balance across our Company.

Kelani family refers to various policies and practices which let the employees stick to an organization for a longer period of time. Our organization invests time and money to groom a new joined, make him corporate ready, and bring him up to par with the existing employees. The organization is completely at a loss when the employees leave their job once they are fully trained. We are committed that an individual stays in our organization for the maximum period of time. We believe career opportunities, compensation, work environment, company culture and benefits are the key factors that retain the talent for longer period. Market based compensation and remuneration as well as benefits help our people to stay one step ahead of the increased cost of living.

WAY FORWARD

Human Resource plays a leading role in securing the future success of Kelani Cables PLC. In doing so, the 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. Specifically, our HR activities were in line with these priorities, which have come into particular focus with Kelani Cables PLC's Strategy and its execution over the coming years.

BUSINESS REVIEW AND MARKETING HAS AFFECTED

2nd and 3rd waves of Covid 19 pandemic situation Sri Lankan economy also like other economies. Customers have got badly affected, compelled to face 2nd and 3rd waves of Covid 19 and customer buying power has gone down drastically.

The pandemic situation and other political and economical factors in the country, has affected the economy of Sri Lanka. All the avenues of foreign currency inflowing in to the country have got disturbed.

Main raw material to manufacture cables is Copper and the Company was compelled to control import of copper to due scarcity of foreign currency in the country.

Gratitude goes to Kelani sales team for recording an exceptional sale in a difficult market condition which contributed for an attractive bottom line.

In order to keep the brand refreshed, the Company did very little outdoor advertising. Only few dealer boards were replaced with new boards. Brand Equity and Brand Reputation have brought the Company to this level with attractive top line and bottom line.

Newly introduced Ceiling fan is performing well in the market while the new member added to Kelani trading arm, Havells CAT 6 cable, is yet to perform.



MARKETING STRATEGY

The pillars of the marketing strategy were the products, brand, quality and after sales service. These elements were given continuous focus at all times, during the year under review.



MARKET SEGMENTS

Our marketing strategy targets four main segments.

1. Projects

Most of the raw material in the construction industry are imported. Due to non-receipt of other construction material, construction industry has slowed down during the year reviewed. However, company project sales team has done it's best with limited stocks availability.

2. Exports

Foreign currency earned from exports have partly supported your company to invest on Copper imports at scarcity of USD in the country.

Your company continuously contribute to narrow the gap of country's balance of trade by increasing exports, which is a growth compared to last few years.

3. Power and Energy

This is the dedicated sector to cater mainly to Ceylon Electricity Board and Lanka Electricity Company.

During the year under review, this sector has also given a positive contribution towards reaching company top line growth by winning and supplying volume tenders.

4. Distribution

Difficult market conditions and interruptions in continue supply of goods were faced by the marketing team and channel partners. Self-motivated and dynamic sales team worked hard to achieve remarkable results for your company.



Dealer Boards

Management Discussion & Analysis

LIGHTING DIVISION

In challenging market conditions and amidst political and legal irregularities in the country Lighting Team has moved forward successfully. Penetration in to retail market has worked well. During the year reviewed, flood light category was added to the Kelani lighting product range.



In store visibility

"The goal of Kelani is to deliver products that improve society's quality of life through effective power and lighting solutions."



In store visibility

BRAND BUILDING

Your company did invest on the BTL advertising to keep the brand alive and did a few dealer boards and in store visibility to keep the brand recall.

Prior investments made on branding really worked out. The terms called Brand Equity and Brand Reputation gave results for aforesaid conversion of loss to a profit. The Kelani brand continues to be positioned on a safety platform at all times.

To position the Kelani lighting products in the consumers' mind, your company used BTL sales promotion through propaganda vehicle. This was highly successful and new to the lighting industry.



These initiatives have resulted in a dramatic increase in consumer and dealer loyalty.

INTERNAL MARKETING

The employees of Kelani Cables are the Company's most effective brand ambassadors and several initiatives continue to be taken to make employees feel appreciated and to encourage them to promote the Kelani brand. We, at Kelani Cables, believe that happy employees create happy customers.

CUSTOMER SERVICE AND RETENTION

The backbone of your company's marketing strategy is excellent customer service. Customer service is given the highest priority and every effort is made to satisfy customer requirements and even to exceed them. Frequent customer feedback is obtained and service standards are specified accordingly.



Flood light





ENVIRONMENTAL CAPITAL

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



Over a 11 year period, we have planted trees in our factory premises commemorating World Environment Day

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 11 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.

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.

Management Discussion & Analysis

RENEWABLE ENERGY & ENERGY EFFICIENCY

As part of the Company's focus on promoting renewable energy, solar energy panels with a capacity of 1104 kW have been commissioned in Kelaniya & Siyambalape factory premises.

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.

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

COMMUNITY ENGAGEMENT

Our approach engaging with communities is based on meaningful and active collaboration, participation and dialogue which results in mutually beneficial relationships. The community engagement projects initiated by Kelani Cables helps in forming strong links with local communities, enhancing corporate reputation and competitiveness, retaining employees and contributing towards the economic and social development of people.

KELANI SAVIYA

Our unique initiative “Kelani Saviya” set up to promote professionalism in the occupation of electricians continues for the 12th consecutive year. The program was launched under the patronage of Vice Chancellor, University of Peradeniya, Prof. S.B.S. Abeykoon, one of the key founders of the program. During the year under review, the 11th batch commenced the program with 65 students. The key objective of this program is to persuade youth to achieve high standards in their chosen vocation as electricians and gain social recognition as well as better their career stability and prospects. Set up in 2007, the course registered 500 students from across the island to date, with over 450 achieving the required goals and completing all three levels to obtain full qualification. Programmed 12th batches were completed successfully and commencement of the program for 13th batch is getting delayed due to the prevailing situation in the country. The above CSR program was awarded with Silver award under the category of CSR brand of the year 2018 & Bronze in 2019 at the SLIM Brand Excellence conducted by the Sri Lanka Institute of Marketing.

KELANI SHAKTHI

Further, we have strengthened and extended the above program to the Northern Province with the name “Kelani Shakthi” in collaboration with the University of Jaffna. The initial program accommodated 50 students in 2015. Program for the 4th batch of “Kelani Shakthi” was completed in full. Despite the situation in the country, with the support of university of Jaffna, your company is continuing with the 5th batch.

KNOWLEDGE SHARING PROGRAMS

KELANI ELECTRICIANS’ CLUB

In our pioneering effort towards raising the standards of electricians, both professionally and socially, the company conducted eight seminars. However this was less than the normal number, due to the condition of the country. However, the Company is awaiting the opportunity to continue with seminars for Electricians Island wide. These seminars covered the area of usage, safety and conservation of electricity.



ELECTRICIAN TRAINING PROGRAM

MOTOR WINDERS

Due to the prevailing situation in the country we conducted only 01 training program in the year reviewed. Company intends to continue their effort of training of Motor Winders once the country is fully open.

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 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).

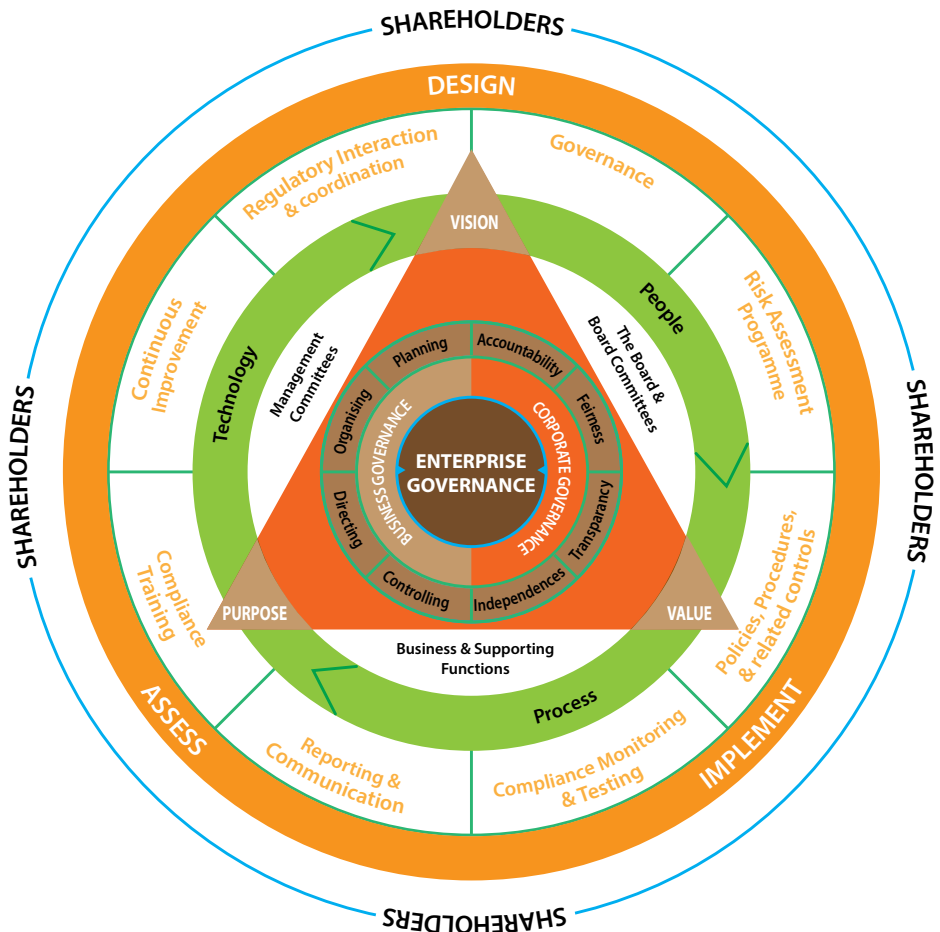
REGULATORY BENCHMARKS

Standard / Principle / Code	Adherence
The Companies Act No.7 of 2007 and regulations	Mandatory Provisions - Fully Compliant
Listing Rules of the Colombo Stock Exchange (CSE)	
Security and Exchange Commission of Sri Lanka (SEC)	
Act No.19 of 2021 including directives and circulars	
Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka	Voluntary provisions – Compliant except few provisions
Code of Best Practice on Corporate Governance (2017) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	

KELANI CABLES PLC ENTERPRISE GOVERNANCE FRAMEWORK

Enterprise governance as “the set of responsibilities and practices exercised by the Board and Executive Management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining those risks are managed appropriately and verifying that the organization’s resources are used responsibly”

COMPREHENSIVE GOVERNANCE FRAMEWORK AT KELANI CABLES PLC



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 Board of Directors, Kelani Cables PLC Board comprise of 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
- The Board is in full control of the Company's state of affairs and make aware its obligations to shareholders and stakeholders

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. The Company convened twelve (12) Board Meetings for the year out of which eight were conducted online while four

were conducted physically. Information provided covers the monthly accounts and comparison of performance against the Budget are discussed and remedial action taken when necessary. Senior Managers make presentations on the performance in their respective area 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

Remuneration committee of the parent- company acts as the remuneration committee of the Company. This committee comprises of 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 page 37 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.

Corporate Governance

- Ensures good governance and effective discharge of Board functions by the Board Members at all times and implementation of the 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.
- Proper conduct of meetings, accuracy and timeliness of information and accurate minutes

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-making. The Board of Kelani Cables PLC currently comprises of six Directors, three of whom are Executive Non- Independent Directors. Two of the three Non-Executive Directors have met the criteria for 'independence' The period of service of Mr. Ajit Jayaratne, Mr. Rajive Casie Chitty as board members of the ACL Cables PLC (Parent Company) and Dr. Bandula Perera (Kelani Cables PLC) have served on the Board for over a period of nine years Both ACL Cables PLC (Parent) and Kelani Cables PLC boards are of the view that the period of service of the aforesaid Independent Directors do not compromise their independence and objectivity in discharging their functions as Directors and, therefore the relevant Board has determined that Mr. Ajit Jayaratne, Mr. Rajive Casie Chitty and Dr. Bandula Perera are 'Independent' as per the Listing Rules..

Criteria for defining independence	Status of conformity of INEDs
Shareholding carrying not less than 10 per cent of voting rights	None of the individual INEDs' shareholdings exceed 1 per cent.
Income/non-cash benefit equivalent to 20 per cent of the Director's annual income	INEDs income/cash benefits are less than 20 per cent of an individual Director's annual income.
Employment at Kelani Cables PLC and/or material business relationship with Kelani Cables PLC.	None of the INEDs are employed or have been employed at Kelani Cables PLC.
Close family member is a Director, CEO or a Key Management Personnel	No family member of the INEDs is a Director or CEO of a related party company.
Served on the Board continuously for a period exceeding nine years from the date of the first appointment	None of the INED are exceeding nine years. Except the directors aforesaid under the board balance note
Director of another company	None of the INEDs are Directors of another related party company

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 discharge its duties. Procedures exist to ensure that Directors receive timely information on 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 is undertaken by the Board itself, taking into consideration the Board composition required and

A4. FINANCIAL ACUMEN

The Board includes Directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters. Audit Committee and Remuneration Committee of the Company is headed by the Chairman of the Audit Committee and Remuneration Committee of the Parent company. Qualifications of Directors are disclosed in Board of Directors section on Page 11 and 12 and in Remuneration Committee Report.

the strategic input required. This is done according to 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 a longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at the AGM, immediately after their appointment, they have to come up for re-election in three years or a shorter period. In terms of the 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 undertake 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 103 to 105. 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 were 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 - <i>Chairman</i>	08/12			
Mr. Suren Madanayake – <i>Deputy Chairman</i>	12/12			
Mr. Mahinda Saranapala - <i>Director/Chief Executive Officer</i>	12/12			
Non-Executive Directors				
Mrs. N.C. Madanayake	07/12			
Independent Non-Executive Directors				
Dr. Bandula Perera	12/12	4/4		
Mr. Deepal Sooriyaarachchi	12/12	4/4		
Non-Executive Directors of the Parent Company				
Mr. Ajit Jayaratne		4/4	2/2	4/4
Mr. Rajiv Casie Chitty			2/2	4/4

Corporate Governance

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.

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 the page 50 of the Annual Report

B2. Level and Make-up of Remuneration

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 consist of a fee paid on a fixed basis for participation of monthly Board Meetings. Chairman and Deputy Chairman have acted in an honorary capacity and only a fee for attending Board Meetings were 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 remuneration of the Board as a whole. The aggregate remuneration paid to Executive and Non-Executive Directors are disclosed on page 81 of this Report.

C. RELATIONSHIP WITH SHAREHOLDERS

C1. Meeting With Shareholders

Constructive use of the Annual General Meetings (AGM) and conduct of General Meetings and building up relationships with Shareholders. Company should always encourage participation of the shareholders and solicit the 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 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 2022, is available to all shareholders on the Company website. 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 2022.

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 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 64 to 116 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 Director's on the Affairs of the Company is given on 6 to 9 and 53 to 56. The Statement of Directors' Responsibility for Financial Reporting is given on page 57 and the Independent Auditors' Report on the Financial Statements of the Company for the year ended 31 March 2022 is given on page 60 to 63.

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 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 Risk & Control team who are 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 act as the Chairman of the Committee. The Chairman, Deputy Chairman, Chief Executive Officer, Group Chief Financial Officer, Group Head of Risk & Control and Chief Financial Officer attend to audit committee as permanent invitees. The Audit Committee Report is given in the page 48 to 49.

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 for AGM. 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 CSE web site 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.

Corporate Governance

CSE Rule No.	Applicable Category	Governance Requirement	Applicable section in the Annual Report
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.	Corporate Governance
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be independent	Corporate Governance
7.10.2 (b)	Non-Executive Directors	Each Non-Executive Director should submit a declaration of Independence / non-independence	Corporate Governance
7.10.3 (a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report	Corporate Governance
7.10.3 (b)	Disclosures relating to Directors – Independence	Directors do not qualify as independent but are specified by the Board as independent	Corporate Governance
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.	Directors Profile
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	Not Applicable
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of majority of a minimum of three Non-Executive Directors a majority of whom shall be independent. One Non- Executive Director shall be appointed as Chairman of the committee by the Board of Directors	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.	Remuneration Committee Report
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	Remuneration Committee Report

CSE Rule No.	Applicable Category	Governance Requirement	Applicable section in the Annual Report
Audit Committee			
7.10.6 (a)	Composition of Directors	<p>The Audit Committee shall comprise of a minimum two Independent or of Non-Executive Directors, a majority of whom shall be independent.</p> <p>The Chairman of the Audit Committee shall be a Non-Executive Director.</p> <p>Unless otherwise determined by the Committee, the CEO and the CFO shall attend meetings.</p> <p>Chairman or one of the Committee members should be a member of a recognized professional accounting body.</p>	<p>Audit Committee Report</p> <p>The Audit Committee Comprises of two Independent Directors and the Chairman of the Parent Company Audit Committee, act as the Chairman of the Committee.</p> <p>The CEO, GCFO, CFO & Group Head of Risk & Control attend the meetings as permanent invitees</p>
7.10.6 (b)	Functions Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the SLAS.	<p>Overseeing compliance with the financial reporting related regulations and requirements.</p> <p>Overseeing the process to ensure that internal controls and risk management is adequate.</p> <p>Assessing the independence and performance of the external auditors.</p> <p>Recommending to the Board the appointment, re-appointment and removal of the Auditors and approving their remuneration and terms of engagement</p>	Audit Committee Report
7.10.6 (c)	Disclosure in Annual Report	<p>The names of the members of the Audit Committee</p> <p>The basis of determination of the independence of Auditors</p> <p>A report of the Audit Committee setting out the manner of compliance</p>	Audit Committee Report

Corporate Governance

CSE Rule No.	Applicable Category	Governance Requirement	Applicable section in the Annual 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.	Related Party Transactions Review Committee 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	Parent Company RPTR Committee act as the RPTR Committee for the Company. RPTR Committee Reports.
9.2.3 Related Party Transaction Review Committee (RPTRC)		Holding Company RPTR Committee to function as the RPTR Committee of Company.	RPTR Committee Reports
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 4 times during the financial year under review and the minutes of the Committee are tabled at Board Meetings.
9.3.1 Immediate Disclosures		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. 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		Non-recurrent Related Party Transactions Recurrent Related Party Transactions Report of the Related Party Transactions Review Committee An affirmative Statement by the Directors that they are in compliance with the rules pertaining to Related party transactions	RPTR Committee Reports

Statement of Compliance to the Companies Act No. 7 of 2007

Sections	Compliance	Reference
168 (1) (a) The nature of the business of the Company or subsidiaries or classes of business in which it has an interest together with any change thereto	✓	Management Discussion & Analysis
168 (1) (b) Signed financial statements of the Group and the Company	✓	Audited Financial Statement
168 (1) (c) Auditors' Report on financial statements	✓	Independent Auditors' Report
168 (1) (d) Accounting policies and any changes thereto	✓	Notes to the Financial Statements
168 (1) (e) Particulars of the entries made in the Interests Register	✓	Reports of the Directors
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	✓	Notes to the Financial Statements
168 (1) (g) Corporate donations made by the Company	✓	Notes to the Financial Statements
168 (1) (h) Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	✓	Reports of the Directors
168 (1) (i) Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	✓	Notes to the Financial Statements
168 (1) (j) Auditors' relationship or any interest with the Company and its Subsidiaries	✓	Independent Auditors Reports
168 (1) (k) Acknowledgement of the contents of this Report and signatures on behalf of the Board	✓	Financial Statements / Annual Report of the Board of Directors
168 (2) Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries	✓	Financial Statements / Annual Report of the Board of Directors

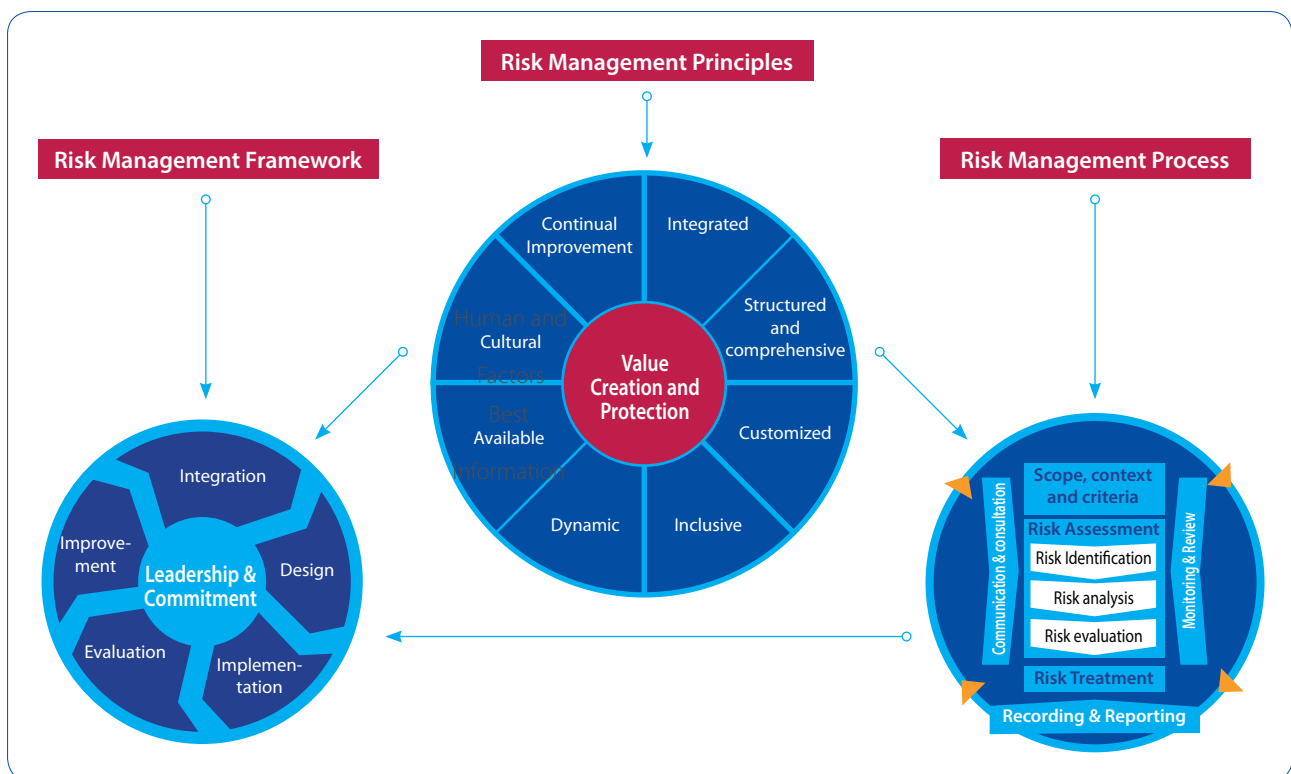
Risk Management

Kelani Cables PLC has given due consideration to its risk identification, assessment and mitigating procedures in order to maintaining sustainable growth while achieving corporate objectives. An effective risk management framework helps the Company in its attempts to achieve the optimum trade-off between risks and return. Company is exposed to broad array of risks and which are based on the current external and internal factors.

As a leading cable manufacturing company in the Sri Lankan cable industry, our success is ability to identify and exploit the opportunities exist in the market what 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 we are operating in, the Company is keen on executing an Enterprise Risk Management that in line with ISO 31000 – Risk Management Framework. This model delivering a structured governance system and provides a proper mechanism to identify risks in a timely manner.

PRINCIPLES, FRAMEWORK AND RISK MANAGEMENT PROCESS FROM ISO 31000



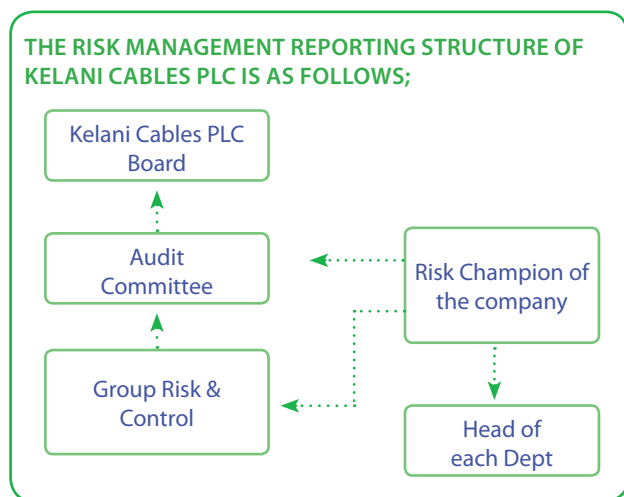
ISO 31000 states that the guidelines should be used by people who create and protect value in organizations by managing risks, making decisions, setting and achieving objectives and improving performance.

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

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

6. Risk management explicitly considers any limitations of available information.
7. Human and cultural factors influence all aspects of risk management.
8. Risk management is continually improved through learning and experience.

The first five principles provide guidance on how a risk management initiative should be designed, and principles six, seven and eight relate to the operation of the risk management initiative.



RISK EVALUATION AND MAPPING

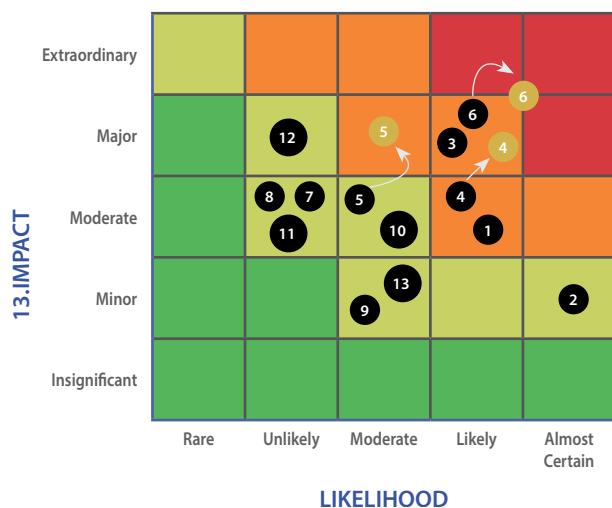
The risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. Likelihood of occurrence is assessed on the basis of past experience and preventive actions in place. A ranking of Rare, Unlikely, Moderate, Likely and Almost Certain is assigned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

RISK MATRIX

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

FUTURE OUTLOOK

Kelani Cables PLC effectively Managing It's risk while identifying emerging risks that could pose an impact to its business in the future. The Risk Heat Map below shows the key risk drivers that could affect the company in FY2022/23 (over a one-year horizon) along the dimensions of probability and impact. The risk drivers are not to be seen in isolation as they may trigger or reinforce each other.



1. Liquidity Risk
2. Interest Rate Risk
3. Exchange Rate Risk
4. Credit Risk
5. Operational Risk
6. Country Risk
7. Human Resource Risk
8. Technological Risk
9. Health & Safety Risk
10. Market Risk
11. Information System Risk
12. Environmental Risk
13. Legal and Regulatory Compliance Risk

Risk Management

SNAPSHOT OF KEY RISKS AND MITIGATION STRATEGIES

Risk Exposure	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.	High	<ul style="list-style-type: none"> Obtain short-term funding facilities adequately to manage liquidity position through several financial institutions. Conduct regular follow-ups on trade debts and continuous reviews on working capital management position of the business. Maintaining sufficient assets to offer as collateral for future funding requirements. Convert significant product components and customers to cash sales. Significant reductions have been made in the credit period for customers who were approved for credit sales. Establishment of a separate recovery team to expedite collection procedures of existing outstanding balances.
2. Interest Rate Risk	Increases in market interest rates have an impact on the profitability by way of borrowing cost	Moderate	<ul style="list-style-type: none"> Actions have been taken to fix interest rates of all long-term borrowings. Obtained Long term loans for concessionary rate Priority has been given to obtaining short-term borrowings with floating interest rates for import requirements. Managing gearing position of the business to minimize finance risks attached. Constant negotiations with banks to obtain the best possible interest rate for company borrowings and investments. Interest rate sensitivity analysis is done regularly to measure the potential impacts of rate variations.
3. Exchange Rate Risk	Potential losses as a result of adverse movement in the exchange rates and inadequate Dollar reserves for company imports	High	<ul style="list-style-type: none"> Strengthening company exports to enhance Dollar earnings. Managing existing Dollar reserves effectively

Risk Exposure	Description		Risk Mitigation actions
4. Credit Risk	Potential losses arising due to customer defaults	High	<ul style="list-style-type: none"> Ensuring compliance with group credit policy guidelines Managing credit risk of the business through the Credit Committee activities Mitigating risk of export sales through letter of credit and advance payments. Adhering to cash sale guidelines. Manage credit sales strictly as per credit policy. Strengthen collection procedures through a dedicated credit management department which consist collection officers Constant monitoring of the credit exposure of the business through the audit committee
5. Operational Risk	Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities	Moderate	<ul style="list-style-type: none"> Conduct Enterprise Risk Management and Internal Audits procedures across the business Conduct continuous control reviews on high-risk areas to assess the strength of the existing control system continuous monitoring on regulatory compliance and other internal requirements through compliance dashboards Conduct system control reviews as per the annual internal audit plan Establish BCP (Business Continuity Planning) to ensure the smooth continuation of business operations while eliminating operational constraints due to prevailing economic crises.
6. Country Risk	Negative impact arising due to adverse economic factors such as Political, Economical, Social, Technological, Legal & Environmental	High	<ul style="list-style-type: none"> Through analysis on PESTLE factors and continuous revisions in business planning to grab opportunities and minimum the impact of threats prevailing due to market conditions. Constant reviews of economic factors to minimize the impact of negative economic factors Mitigating prevailing risks through effective insurance management.

Risk Management

Risk Exposure	Description		Risk Mitigation actions
7. Human Resources Risk	The negative impact on the business due to the loss of Key Executives and the inability to attract, develop and retain a skilled workforce.	Moderate	<ul style="list-style-type: none"> • Maintain an employee evaluation scheme to reward them. • Maintain healthy and cordial relationships with employees at all levels through Joint Consultative Committees (JCC). • Provide various employee benefits through the Welfare Society. • Provide specific and general training wherever necessary.
8. Technological Risk	Probability of technological changes adversely affecting the Company's performance	Moderate	<ul style="list-style-type: none"> • Develop a long-term plan to replace existing critical machines with technologically advanced machines. • Enhance production capacity with newly purchased machinery • Obtain ISO certifications and accreditations from relevant authorities while ensuring the ability to meet local and international requirements with required technological enhancements
9. Health and Safety Risk	The likelihood of an individual harmed or suffered by adverse health effects due to exposure to a hazard.	Moderate	<ul style="list-style-type: none"> • Conducting health and safety assessments to evaluate the adequacy of existing safety measures maintained by the company • Ensuring the effectiveness of health and safety measures through audits. • Ensuring compliance with Health guidelines issued by the Government
10. Market Risk	Loss of market share or market leadership due to new entries and existing rivalry	Moderate	<ul style="list-style-type: none"> • Maintaining product leadership through continuous improvements in products quality • Strengthening 'Kelani' brand through various brand development activities • Analyzing market data for effective decisions with regard to company products • Close monitoring of competitor behaviour and timely decision making to respond to market changes

Risk Exposure	Description		Risk Mitigation actions
11. Information Systems	Delays in decision-making due to inaccurate or non-availability of timely information from key computer systems	Moderate	<ul style="list-style-type: none"> Enhancing system performance through continuous version upgrading Maintaining data backups to minimize data losses in case of an emergency Enhancing system security levels on a regular basis to minimize cyber security risk Maintaining vendor agreements for support services and system maintenance Maintain effectively and sound IT general control (ITGC) system across the company Revising IT policies and procedures with the aim of creating value for the business
12. Environmental Risk	Probability of negative outcomes, non-compliances and reputational risk occurring as a result of business operations causing damage to the environment	Moderate	<ul style="list-style-type: none"> Compliance with ISO 14001 environmental management guidelines. Comply to policies, procedures & operational controls established by the company.
13. Legal and Regulatory Compliance Risk	The potential negative impact on the business due to non-compliances with legal & regulatory requirement.	Moderate	<ul style="list-style-type: none"> Comply with EPL requirements & renewal of EPL requirements & renewal of EPL annually for each site. Comply with all the relevant legal & regulatory requirements issued by regulatory bodies.

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 Audit Committee comprises three Independent Non-Executive Directors and one of them is from the parent company. The Chairman of the Audit Committee of the parent company, act as the Chairman of the Audit Committee of the Company.

- Mr. Ajit Jayaratne – Chairman of the committee (Senior Independent NED - ACL Cables Plc)
- Dr. Bandula Perera – Member of the Audit Committee (Independent NED)
- Mr. Deepal Sooriyaarachchi – Member of the Audit Committee (Independent NED)

The above members have significant, recent and relevant financial experience as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

MEETINGS AND ATTENDANCE

The Committee met on four occasions in 2021/2022 coinciding 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, Chief Executive Officer, Group Chief Finance Officer, Chief Finance Officer and Group Head of Risk & Control are invited to attend meetings as permanent invitees.

FINANCIAL REPORTING

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2021/2022 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 2021/2022 can be found in Note 7 to the financial statements.

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

INTERNAL CONTROL SYSTEM

In 2021/2022, the Committee reviewed the effectiveness and efficiency of the Risk & Control team in terms of internal audit, Risk management and other governance-related areas to assess the strength of the existing internal control and Risk management systems.

WHISTLEBLOWING

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

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

On behalf of the Committee

(Sgd.)

Ajit Jayaratne

Chairman of the Audit Committee

29 July 2022

Remuneration Committee Report

ROLE OF THE REMUNERATION COMMITTEE

The parent company Remuneration Committee act as the Remuneration Committee of Kelani Cable PLC

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 own remuneration package.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises of the following Non-Executive Directors of the parent company.

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

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

MEETING AND ATTENDANCE

The Committee met on two occasions in the 2021/2022 financial year while complying with the SEC and CA Sri Lanka Corporate Governance Guidelines. Members attendance at these meeting is set out in Corporate Governance Report. The Committee plan to meet at least bi-annually to review and give required recommendations to the board on matters pertaining to remuneration of Directors and Key Executives of the company.

FUNCTIONS OF THE REMUNERATION COMMITTEE

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

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

Members' attendance at meetings of the Remuneration Committee in 2021/2022 is set out in the table in the Corporate Governance Report.

EXECUTIVE DIRECTORS

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

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

29 July 2022

Report of the Related Party Transactions Review Committee

OBJECTIVE

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

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

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

COMPOSITION OF THE RELATED PARTY REVIEW COMMITTEE

The parent company RPTR Committee is act as the RPTRC of the Kelani Cables PLC

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

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

SCOPE OF THE COMMITTEE

- The Committee reviews in advance all proposed related party transactions to ensure they are carried out on an arm's length basis.
- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.
- The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need of special approval from shareholders and disclosure requirements for such transactions.
- The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.

- Members of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person.

ROLE OF THE COMMITTEE

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

Report of the Related Party Transactions Review Committee

COMMITTEE MEETINGS

Three Committee meetings were held during the financial year 2021/2022 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 35.

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

29 July 2022

Report of the Directors

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 53rd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March 2022.

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 19 to 31. 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 2021/22 was Rs. 15.1 Bn (Rs. 9.6 Bn in 2020/21). The profit after tax of the Company and Investee for 2021/22 was Rs.2.13 Bn (Rs. 621.3 Mn in 2020/21), while the Company's profit after tax for 2021/22 was Rs. 2.13 Bn (Rs. 620.8 Mn in 2020/21).

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 64 to 116 and Independent Auditors' Report on the Financial Statements is provided on page 60 to 63.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are given on pages 68 to 80 of this report.

The Institute of Chartered Accountants of Sri Lanka has issued the following revised Sri Lanka Accounting Standards which have become applicable for the financial period beginning on or after 1 April 2022.

- Property, plant and equipment: Proceeds before intended use (amendments to LKAS 16)
- Classification of liabilities as current or non-current (amendments to LKAS 1)

- Deferred tax related to assets and liabilities arising from a single transaction (amendment to LKAS 12)
- Reference to conceptual framework (Amendments to SLFRS 03)
- Disclosure of Accounting policies (Amendments to SLFRS 01)
- Definition of Accounting estimates (Amendments to SLFRS 08)
- Annual improvements to SLFRS Standards 2018-2020.
- Onerous Contracts – Cost of fulfilling a Contract (Amendments to LKAS 37)

DIVIDENDS

The interim dividend of Rs. 4.50 per share for the financial year ended 31 March 2021 amounting to Rs. 98.1 Mn was paid during the financial year on 24th 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 with 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 2022 is Rs.218,000,000.00 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 Note 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 117 to 118 of the Annual Report.

SHAREHOLDINGS

As at 31 March 2022, there were 1,968 shareholders. The distribution is indicated on page 117 of the Annual Report. The twenty largest shareholders of the Company as at 31 March 2022, together with an analysis is given on page 117 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-LKAS 24 "Related Party Disclosures" which were adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure

Report of the Directors

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 Practice 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 51 to 52 in the Financial Statements.

RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions, the aggregate value of which exceeds 10% of consolidated revenue for the year ended 31 March 2022.

NON-RECURRENT RELATED PARTY TRANSACTIONS

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2022. Audited Financial Statements, which require additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practice 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 11 to 12.

Dr. Bandula Perera has served on the Board of Kelani Cables PLC for over a period of nine years.

Board taking into consideration all other circumstances pertaining to the criteria for defining independence is of the opinion that he is nevertheless independent and having consented to act as independent director on the Board, Board decided that Dr. Bandula Perera be continued on the Board as independent director.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Statement of the Directors' Responsibilities for Financial Statements is given on page 57 of this Annual Report.

DONATIONS

Donations made by the Company during the year amounted to Rs.25,000/- (31 March 2021 Rs. 40,000/-).

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 and 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 2022 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. 239 Mn., 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 32 to 41 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 42 to 47 of this Report.

DIRECTORATE

The Board of Directors of the Company are given below and the profiles are given on pages 11 to 12 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 35 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:

As at 31st March	No. of Shares		% Holding	
	2022	2021	2022	2021
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 40.

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 19 to 31 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 and Analysis in pages 19 to 31.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the Capital Commitments and Contingent Liabilities are disclosed on Page 115 of the Annual Report.

AUDITORS

The Financial Statements for the period under review have been audited by Messrs KPMG, Chartered Accountants. Rs. 786,000/- has been paid as audit fee for the year ended 31st March 2022.

Report of the Directors

AUDITORS RELATIONSHIP WITH THE COMPANY

Fees paid for other services in the capacity of an Auditor were Rs. 90,000/-. 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 authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 28th September 2022.

The Report of the Independent Auditors' is given on pages 60 to 63. The functions of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are given on pages 48 to 52 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 122 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
29 July 2022

Directors' Responsibilities 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 2022, have been prepared based on the new Sri Lanka Accounting Standards (SLFRSs/LKASs) which came into effect for the financial periods commencing after 1st January 2012. The Directors have selected the appropriate accounting policies and such policies adopted by 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 2022 and Statements of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2022 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 29th July 2022.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

Colombo

29 July 2022

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Independent Auditor's Report



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(Chartered Accountants)
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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 2022, 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 64 to 116 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 2022, 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.

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA	C.P. Jayatilake FCA	T.J.S. Rajakarier FCA
W.J.C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA
R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA
M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K. Sumanasekara FCA		
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS		



01. Valuation of Investment Property Refer to the significant accounting policy in 3.5 and explanatory Note 14 to these financial statements.	
<p>As at reporting date 31st March 2022, Investment Properties carried at fair value amounted to Rs 690 Million. Further the Company has reordered a net gain on revaluation of Investment Property amounting to Rs. 39.5 Million as at 31st March 2022 by revaluing the Investment Property during the year.</p> <p>Investment Properties are measured at fair value in the Statement of Financial Position. The Company has engaged an independent external professional valuer with appropriate expertise in valuing properties, to determine the fair value of the Investment Property in accordance with recognized industry standards.</p> <p>We identified this as a key audit matter because of the significant judgments and estimation in the selection of appropriate valuation methodology to be used and in estimating the key assumptions applied. These key assumptions include market comparable used, taking into consideration for difference such as location, size and tenure. A change in the key assumptions will have an impact on the valuation.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> 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 property 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 3.7 and explanatory Note 19.1 to these financial statements.	
<p>Risk Description</p> <p>The Company has recognized trade receivable balance of Rs. 1,646 Million as at 31st March 2022, after a provision for impairment of Rs. 271 Million.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included</p> <ul style="list-style-type: none"> Obtaining an 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. 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. Assessing the adequacy of relevant disclosures included in the Financial Statements.

Independent Auditor's Report



03. Carrying value of Inventories

Refer to the significant accounting policy in Note 3.6 and explanatory Note 18 to these financial statements.

The Company carried inventories of Rs.2,340 Million as at 31st March 2022 at the lower of cost or net realisable value after a provision for obsolete/ slow moving inventory of Rs. 191 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 3.6, 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:

- Obtaining an 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 the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

29th July 2022

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March,	Note	Company and Investee		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue	5	15,115,383,470	9,650,437,531	15,115,383,470	9,650,437,531
Cost of sales		(11,858,250,759)	(8,366,450,216)	(11,858,250,759)	(8,366,450,216)
Gross profit		3,257,132,711	1,283,987,315	3,257,132,711	1,283,987,315
Other income	6	19,815,510	25,313,720	19,815,510	25,313,720
Change in fair value of investment property	14	39,500,000	344,500,000	39,500,000	344,500,000
Distribution expenses		(472,735,164)	(498,159,444)	(472,735,164)	(498,159,444)
Administrative expenses		(427,405,358)	(336,091,703)	(427,405,358)	(336,091,703)
Profit from operations	7	2,416,307,699	819,549,888	2,416,307,699	819,549,888
Finance income		267,528,370	34,865,822	267,528,370	34,865,822
Finance expenses		(85,907,769)	(110,301,456)	(85,907,769)	(110,301,456)
Net finance income/(expenses)	8	181,620,601	(75,435,634)	181,620,601	(75,435,634)
Share of profit of equity accounted investee net of tax	17.2	1,677,650	515,612	-	-
Profit before tax		2,599,605,950	744,629,866	2,597,928,300	744,114,254
Income tax expense	9	(465,771,718)	(123,264,390)	(465,771,718)	(123,264,390)
Profit for the year		2,133,834,232	621,365,476	2,132,156,582	620,849,864
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on employee benefit obligations	26.2	43,382,658	(28,962,253)	43,382,658	(28,962,253)
Revaluation of property, plant and equipment	12	-	155,426,146	-	155,426,146
Share of OCI of equity accounted Investee, net of tax	17.2	-	18,197,452	-	-
Related tax	9.2	(8,286,088)	19,449,418	(8,286,088)	19,449,418
Other comprehensive income for the year net of tax		35,096,570	164,110,763	35,096,570	145,913,311
Total comprehensive income for the year		2,168,930,802	785,476,239	2,167,253,152	766,763,175
Earnings per share					
Basic earnings per share (Rs.)	10	97.88	28.50	97.81	28.48

The Notes to the Financial Statements from pages 68 to 116 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		Company	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,155,167,933	1,009,006,175	1,155,167,933	1,009,006,175
Intangible assets	13	-	6,825,088	-	6,825,088
Investment property	14	690,000,000	650,500,000	690,000,000	650,500,000
Right-of-use assets	16	3,125,240	4,018,166	3,125,240	4,018,166
Investment in equity accounted investee	17	75,132,734	73,455,084	51,200,000	51,200,000
Total non-current assets		1,923,425,907	1,743,804,513	1,899,493,173	1,721,549,429
Current assets					
Inventories	18	2,340,191,863	2,227,972,407	2,340,191,863	2,227,972,407
Trade and other receivables	19	2,057,136,180	2,981,195,149	2,057,136,180	2,981,195,149
Amount due from related companies	30.2	547,202,345	224,294	547,202,345	224,294
Value added tax recoverable		747,211,164	743,686,739	747,211,164	743,686,739
Deposits and prepayments		23,077,783	15,345,296	23,077,783	15,345,296
Investments in fixed deposits	20	1,336,800,383	-	1,336,800,383	-
Cash and cash equivalents	21	2,529,130,311	924,789,700	2,529,130,311	924,789,700
Total current assets		9,580,750,029	6,893,213,585	9,580,750,029	6,893,213,585
Total assets		11,504,175,936	8,637,018,098	11,480,243,202	8,614,763,014
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	592,491,173	522,620,414	522,620,414
General reserves	24	431,136,000	431,136,000	431,136,000	431,136,000
Retained earnings	25	5,479,026,685	3,408,195,883	5,524,964,710	3,455,811,558
Total equity		6,720,653,858	4,649,823,056	6,696,721,124	4,627,567,972
Non-current liabilities					
Employee benefits	26	122,806,774	160,740,911	122,806,774	160,740,911
Deferred taxation	27	45,834,383	41,408,240	45,834,383	41,408,240
Interest bearing borrowings	28	239,274,647	5,553,380	239,274,647	5,553,380
Total non-current liabilities		407,915,804	207,702,531	407,915,804	207,702,531
Current liabilities					
Trade and other payables	29	3,005,971,638	1,960,727,534	3,005,971,638	1,960,727,534
Amount due to related companies	30.1	511,344,422	600,636,824	511,344,422	600,636,824
Current tax payables	31	660,744,216	306,620,053	660,744,216	306,620,053
Unclaimed dividends	32	12,301,374	17,212,429	12,301,374	17,212,429
Interest bearing borrowings	28	157,983,330	803,428,116	157,983,330	803,428,116
Bank overdrafts	21	27,261,294	90,867,555	27,261,294	90,867,555
Total current liabilities		4,375,606,274	3,779,492,511	4,375,606,274	3,779,492,511
Total liabilities		4,783,522,078	3,987,195,042	4,783,522,078	3,987,195,042
Total equity and liabilities		11,504,175,936	8,637,018,098	11,480,243,202	8,614,763,014

The Notes to the Financial Statements from pages 68 to 116 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

Statement of Changes in Equity

For the year ended 31 March 2022	Note	Company and Investee				Total
		Stated	Capital	General	Retained	
		Capital	Reserves	Reserves	Earnings	
		Rs.	Rs.	Rs.	Rs.	Rs.
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 - 2019/20	11	-	-	-	(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
Balance as at 1 April 2021		218,000,000	592,491,173	431,136,000	3,408,195,883	4,649,823,056
Profit for the year		-	-	-	2,133,834,232	2,133,834,232
Other comprehensive income for the year		-	-	-	35,096,570	35,096,570
Total comprehensive income for the year		-	-	-	2,168,930,802	2,168,930,802
Transactions with owners of the Company						
Interim dividend - 2020/2021	11	-	-	-	(98,100,000)	(98,100,000)
Balance as at 31 March 2022		218,000,000	592,491,173	431,136,000	5,479,026,685	6,720,653,858

For the year ended 31 March 2022	Note	Company				Total
		Stated	Capital	General	Retained	
		Capital	Reserves	Reserves	Earnings	
		Rs.	Rs.	Rs.	Rs.	Rs.
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	11	-	-	-	(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
Balance as at 1 April 2021		218,000,000	522,620,414	431,136,000	3,455,811,558	4,627,567,972
Profit for the year		-	-	-	2,132,156,582	2,132,156,582
Other comprehensive income for the year		-	-	-	35,096,570	35,096,570
Total comprehensive income for the year		-	-	-	2,167,253,152	2,167,253,152
Transactions with owners of the Company						
Interim dividend - 2020/21	11	-	-	-	(98,100,000)	(98,100,000)
Balance as at 31 March 2022		218,000,000	522,620,414	431,136,000	5,524,964,710	6,696,721,124

The Notes to the Financial Statements from pages 68 to 116 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cashflow

	Note	Company and Investee		Company	
For the year ended 31 March,		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Cash flow from operating activities					
Profit before taxation		2,599,605,950	744,629,866	2,597,928,300	744,114,254
Adjustments for:					
Share of profit from equity accounted investee (net of tax)	17.2	(1,677,650)	(515,612)	-	
Interest income	8	(75,738,344)	(34,865,822)	(75,738,344)	(34,865,822)
Interest expense	8	85,907,769	98,192,492	85,907,769	98,192,492
Change in fair value of investment property	14	(39,500,000)	(344,500,000)	(39,500,000)	(344,500,000)
Depreciation of property, plant and equipment	12	92,840,087	84,746,037	92,840,087	84,746,037
Amortization of intangible assets	13	6,825,088	103,086	6,825,088	103,086
Amortization of Right-of use assets	16	892,926	892,926	892,926	892,926
Provision/(reversal) for impairment of trade and other receivables	19.1	(45,850,237)	27,362,076	(45,850,237)	27,362,076
Provision for obsolete and slow moving inventories	18.1	63,243,625	15,747,367	63,243,625	15,747,367
Unrealised exchange loss on Investment in fixed deposit	20	(411,804,000)	-	(411,804,000)	-
Inventory write off	7	29,189,239	27,404,844	29,189,239	27,404,844
Debtors write off	7	-	53,261	-	53,261
Provision for employee benefits	26.2	12,280,427	24,901,452	12,280,427	24,901,452
Operating profit before working capital changes		2,316,214,880	644,151,973	2,316,214,880	644,151,973
Changes in working capital					
Increase in inventories		(204,652,320)	(521,151,071)	(204,652,320)	(521,151,071)
Decrease/(increase) in trade and other receivables		969,909,206	(84,044,077)	969,909,206	(84,044,077)
Decrease/(increase) in amount due from related companies		(46,978,051)	9,911,066	(46,978,051)	9,911,066
Increase in deposits and prepayments and value added tax recoverable		(11,256,912)	(99,983,509)	(11,256,912)	(99,983,509)
Increase in trade and other payables		1,045,244,104	692,579,348	1,045,244,104	692,579,348
Increase/(decrease) in amount due from related companies		(89,292,402)	156,919,784	(89,292,402)	156,919,784
Cash generated from operations		3,979,188,505	798,383,514	3,979,188,505	798,383,514
Gratuity paid	26.2	(6,831,906)	(10,835,939)	(6,831,906)	(10,835,939)
Current tax paid	31	(115,507,500)	(55,488,563)	(115,507,500)	(55,488,563)
Interest paid		(85,344,167)	(97,550,564)	(85,344,167)	(97,550,564)
Net cash generated from operating activities		3,771,504,932	634,508,448	3,771,504,932	634,508,448
Cash flow from investing activities					
Short term loans given to related parties	30.2	(500,000,000)	-	(500,000,000)	-
Acquisition of property, plant and equipment	12	(239,001,845)	(116,078,789)	(239,001,845)	(116,078,789)
Acquisition of intangible assets	13	-	(6,928,174)	-	(6,928,174)
Investment in fixed deposits	20	(910,620,000)	-	(910,620,000)	-
Interest received		61,361,961	34,865,822	61,361,961	34,865,822
Net cash used in investing activities		(1,588,259,884)	(88,141,141)	(1,588,259,884)	(88,141,141)
Cash flow from financing activities					
Dividend paid	32	(103,011,055)	(95,845,261)	(103,011,055)	(95,845,261)
Loans obtained during the year	28.1	1,971,740,822	2,323,882,276	1,971,740,822	2,323,882,276
Loan repayments during the year	28.1	(2,382,798,583)	(2,536,230,049)	(2,382,798,583)	(2,536,230,049)
Lease payments	28.2	(1,229,360)	(1,161,600)	(1,229,360)	(1,161,600)
Net cash used in financing activities		(515,298,176)	(309,354,634)	(515,298,176)	(309,354,634)
Net increase in cash and cash equivalents		1,667,946,872	237,012,673	1,667,946,872	237,012,673
Cash and cash equivalents at beginning of the year	21	833,922,145	596,909,472	833,922,145	596,909,472
Cash and cash equivalents at the end of the year	21	2,501,869,017	833,922,145	2,501,869,017	833,922,145

The Notes to the Financial Statements from pages 68 to 116 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.

1.2. Parent Enterprise and Ultimate Parent Enterprise

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

1.3. Principal Activities and Nature of Operations

The principal activities of the Company are manufacturing and sealing 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.

1.4. Number of Employees

The number of employees of the Company as at 31 March 2022 was 528 (2021 – 520).

1.5. Responsibilities for Financial Statements and Approval of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. The Directors' responsibility over financial statements is set out in detail in the Statement of Directors' Responsibility.

The Financial Statements of the Company for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the Board of Directors on 29th July 2022.

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.

The Company did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

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:

Item	Basis of Measurement	Note
Freehold land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	12
Investment property	Measured at fair value.	14
Defined benefit obligation	Measured at the present value of the defined benefit obligation	26

2.3 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.

2.4 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:

Critical accounting assumptions and estimation uncertainties	Note
Fair value of land and buildings	2.4.1
Useful lifetime of the property, plant, and equipment	2.4.2
Impairment on non-financial assets	3.8.2
Fair value of Investment Property	2.4.3
Measurement of defined benefit obligation; key actuarial assumptions	2.4.4

Critical accounting assumptions and estimation uncertainties	Note
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	2.4.5
Provisions for liabilities, commitments, and contingencies	36 & 37
Current taxation	9
Recognition of deferred tax asset and liability	27

2.4.1 Fair value of land and buildings

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The Company engages independent professional valuer Mr. Senanayake Bandara, Chartered Valuation Surveyor to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, land and buildings were classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the land and building, and sensitivity analysis are provided in Note 12.2 and 12.3.

2.4.2 Useful lifetime of the property, plant and equipment

The Company reviews the residual values, useful lives, and methods of depreciation of property, plant, and equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.3 (c) for more details.

2.4.3 Fair value of Investment property

The Company measures investment property at Fair Value with changes in fair value being recognised in statement of Profit or loss (P&L). Valuations are performed at each year end. The Company engages independent professional valuer Mr. Senanayake Bandara, Chartered Valuation Surveyor to assess fair value of investment property in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, land and buildings were classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the investment property, and sensitivity analysis are provided in Note 14.1 and 14.2.

2.4.4 Measurement of defined benefit obligation

The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 26.3 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 26.4.

2.4.5 Impairment measurement of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

The Company's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their inter dependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Development of ECL models, including the various statistical formulas and the choice of inputs;
- Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD);
- The Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.6 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.

Notes to the Financial Statements

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.

2.7 Going Concern

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Company together with the effects of Current economic condition 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 non-essential 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. Therefore, the Financial Statements of the Company continued to be prepared on a going concern basis. Refer Note 43 to the Financial Statements for impact of Current economic condition on the Financial Statements of the Company.

2.8 Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Company.

2.10 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

3 SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these Financial Statements.

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.

3.1 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.

3.1.1 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.

3.1.2 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.

3.2 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.

3.3 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 labor, 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.

Subsequent measurement - 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.

Subsequent measurement - 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

Notes to the Financial Statements

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 derecognized.

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 derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or losses arising on de-recognition of the asset is included in the Profit or loss the year the asset is derecognized.

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 exceeds 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.

3.4 Right to use Assets

Recognition

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.

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 standalone 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.

3.4.1 ROU assets

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 Company applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of use asset is 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.

(a) Depreciation expenses

Depreciation expenses has been charged to income statement under other operating and administration expenses.

3.4.2 Lease Liabilities

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, 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.

(a) Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

(b) Presentation of ROU asset and lease liabilities

The Company presents right-of-use assets that do not meet the definition of investment property in separate line as 'Right-of-use assets' and lease liabilities within 'Interest bearing borrowings' in the Statement of Financial Position.

(c) Short term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 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.

3.6 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

3.7 Financial Instruments

(a) 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.

(b) 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

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- 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.

(c) 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 derecognition 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

3.8 Impairment of Assets

3.8.1 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;

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- 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 for 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.

3.8.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than 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 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.

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. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and short-term deposits with original maturity of three months or less. Bank overdrafts are shown in current liabilities. For purpose of Cash Flow, Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalent.

3.10 Stated Capital

Ordinary Shares

Ordinary Shares are classified as equity. Incidental costs attributable to the issue of ordinary shares are recognized as an expense.

3.11 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.

3.12 Employee benefits

(a) 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.

(b) 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.

(c) Defined Benefit Plans

A defined Benefit Plan is a post-employment benefit plan other than a Defined Contribution Plan. The liability recognized in the Statement of Financial Position in respect of a Defined Benefit Plan is the present value of the defined benefit obligation at the Statement of Financial Position date. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19, "Employee Benefits".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 26 to the Financial Statements. This liability is not externally funded, and the item is grouped under Non-Current Liabilities in the Statement of Financial Position.

The qualifying remuneration of all permanent employees is considered in the calculation of the defined benefit obligation.

However, 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. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(d) Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.13 Capital commitments and Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

3.14 Revenue

Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

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.

Revenue is measured net of returns, trade discounts and volume rebates. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

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.

3.15 Expenditure recognition

Operating Expenses

All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the state Profit & Loss in arriving at the profit for the year. For the purpose of presentation of Statements of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that the function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business treated as capital expenditure. Repairs and renewals are recognized in Profit or Loss in the year in which the expenditure is incurred.

Notes to the Financial Statements

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.

3.16 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.

3.17 Income Tax Expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

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.

Unrecognized 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.

(c) Tax exposures

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

3.18 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.

3.19 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.

3.20 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 January 2022 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

4.1 The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Reference to Conceptual Framework (Amendments to SLFRS 3). The amendment applies to annual reporting period beginning on or after 1 January 2022

Key amendments are as follow:

- add to SLFRS 3 a requirement that, for transactions and other events within the scope of LKAS 37 or IFRIC 21, an acquirer applies LKAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. The Company does not anticipate this amended to have a significant impact.
- add to SLFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The Company does not anticipate this amended to have a significant impact.
- Annual Improvements to SLFRS Standards 2018–2020. The amendments are effective for annual reporting periods beginning on or after 1 January 2022

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 SLFRS Standards 2018–2020. Key Aspects covered is as follows.

- 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. The Company does not anticipate this amended to have a significant impact.

- 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. The Company does not anticipate this amended to have a significant impact.

- LKAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in LKAS 41 with those in SLFRS 13 Fair Value Measurement.

- SLFRS 16 Leases

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

- 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 Company does not anticipate this amendment to have a significant impact.

- 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 amendment to have a significant impact.

- Definition of Accounting Estimates (Amendments to LKAS 8)

The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Additionally, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendment applies to annual reporting periods beginning on or after 1 January 2023.

- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1). The amendment applies to annual reporting periods beginning on or after 1 January 2023

Notes to the Financial Statements

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. The Company does not anticipate this amended to have a significant impact.
- Disclosure of Accounting Policies (Amendments to LKAS 1). The amendment applies to annual reporting period beginning on or after 1 January 2023

The key amendments include,

- requiring companies to disclose their material accounting policies rather than their significant accounting policies.
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements. The Company does not anticipate this amended to have a significant impact.

For the year ended 31 March,		Company and Investee / Company	
		2022	2021
		Rs.	Rs.
5. REVENUE			
Revenue from contracts with customers			
Local sales			
Manufacturing and fabrication	10,826,437,285	6,683,973,306	
Trading	2,263,851,273	1,786,336,681	
Export sales	2,025,094,912	1,180,127,544	
	15,115,383,470	9,650,437,531	
5.1 Timing of Revenue Recognition			
Products and services transferred at a point in time	15,115,383,470	9,650,437,531	
	15,115,383,470	9,650,437,531	
6. OTHER INCOME			
Sundry sales and sundry income (Note 6.1)	19,815,510	25,313,720	
	19,815,510	25,313,720	

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

For the year ended 31 March,		Company and Investee / Company	
		2022	2021
		Rs.	Rs.
7. PROFIT FROM OPERATIONS			
Profit from operation is stated after charging all expenses including the following.			
Directors emoluments/ fee	22,638,000	19,510,000	
Auditors remuneration			
Statutory audit	786,000	698,750	
Audit related services	90,000	115,000	
Depreciation on property, plant and equipment	92,840,087	84,746,037	
Amortization of intangible assets	6,825,088	103,086	
Provision for obsolete and slow moving inventories	63,243,625	15,747,367	
Inventory write off during the year	29,189,239	27,404,844	
Provision/(reversal of provision) for impairment of trade and other receivables	(45,850,237)	27,362,076	
Debtors write off during the year	-	53,261	
Donations	25,000	40,000	
Staff Costs - (Note 7.1)	725,760,851	667,233,073	
7.1 Staff cost			
Salaries, wages and related cost	525,680,969	480,036,952	
Staff cost other than above	138,208,542	116,514,974	
Defined contribution plan cost-EPF,ETF	49,590,913	45,779,695	
Defined benefit plan cost-retiring gratuity	12,280,427	24,901,452	
	725,760,851	667,233,073	

Notes to the Financial Statements

For the year ended 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
8. NET FINANCE INCOME/(EXPENSES)		
Finance income		
Interest income from foreign currency deposits	60,954,071	33,750,950
Interest income from local currency deposits	11,006,191	1,114,872
Interest from loan given to ACL Cables PLC	3,778,082	-
Net foreign exchange gain	191,790,026	-
	267,528,370	34,865,822
Finance expenses		
Net foreign exchange loss	-	(12,108,964)
Interest expense on bank overdraft	(2,579,921)	(3,219,684)
Interest expense on bank loans	(55,130,328)	(75,261,379)
Interest expense on trade bills	(20,828,453)	(12,289,352)
Interest expense on ROU assets lease	(563,602)	(641,928)
Interest expense on distributor deposits and staff money retained	(6,805,465)	(6,780,149)
	(85,907,769)	(110,301,456)
Net finance income/(expenses)	181,620,601	(75,435,634)

For the year ended 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
9. INCOME TAX EXPENSE		
9.1 Amounts recognised in Profit or Loss		
Current taxation		
Current tax expense - (Note 9.3)	469,761,214	75,215,772
Over provision in respect of prior years	(129,551)	-
	469,631,663	75,215,772
Deferred taxation		
Deferred tax liability originated during the year	366,111	29,672,931
Deferred tax assets reversal during the year	(4,226,056)	(21,983,319)
Effect of reduction in tax rates	-	40,359,006
	(3,859,945)	48,048,618
Income tax expense recognised in Profit or Loss	465,771,718	123,264,390

	Value Before Tax Rs.	Tax (Expenses) / Benefit Rs.	Net of Tax Rs.
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9.2 Amounts recognized in Other Comprehensive Income

For the year ended 31 March 2022

Actuarial gain/(loss) on employee benefit obligations	43,382,658	(8,286,088)	35,096,570
	43,382,658	(8,286,088)	35,096,570

For the year ended 31 March 2021

Actuarial gain/(loss) on employee benefit obligations	(28,962,253)	5,531,790	(23,430,463)
Revaluation of property, plant and equipment	155,426,146	13,917,628	169,343,774
	126,463,893	19,449,418	145,913,311

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

For the year ended 31 March,	Company and Investee		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Profit before tax	2,599,605,950	744,629,866	2,597,928,300	744,114,254
Share of equity accounted investee profit share	(1,677,650)	(515,612)	-	-
Adjusted profit before tax	2,597,928,300	744,114,254	2,597,928,300	744,114,254
Aggregate disallowable expenses	131,735,115	155,599,598	131,735,115	155,599,598
Aggregate allowable expenses	(75,377,653)	(118,169,311)	(75,377,653)	(118,169,311)
Income not liable for tax	(100,454,071)	(378,250,950)	(100,454,071)	(378,250,950)
Taxable Income	2,553,831,691	403,293,591	2,553,831,691	403,293,591
Income tax on current year profit	469,761,214	75,215,772	469,761,214	75,215,772
Income tax charged at				
Concessionary rate of 14%	47,632,332	6,867,384	47,632,332	6,867,384
Standard rate of 18%	327,405,893	50,008,244	327,405,893	50,008,244
Standard rate of 24%	94,722,989	18,340,144	94,722,989	18,340,144
Income tax on current year profits	469,761,214	75,215,772	469,761,214	75,215,772

9.4 Applicable income tax rates as per the Department of Inland Revenue

In accordance with the provisions of the Inland Revenue (Amendment) Act No 10 of 2021, 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 income from trading are taxable at 24%. and Income Tax for any other income is computed at 24%.

Notes to the Financial Statements

9.5 Reconciliation of effective tax rate

For the year ended 31 March,	Company and Investee / Company			Company and Investee / Company		
	2022			2021		
	Rs.	Rs.	%	Rs.	Rs.	%
	Tax			Tax		
Profit before tax from operations	2,597,928,300			744,114,254		
Tax using the Company's domestic tax rate	2,597,928,300	477,872,507	18.4%	744,114,254	138,780,109	18.7%
Non-deductible expenses	131,735,115	24,231,843	0.9%	155,599,598	29,019,911	3.9%
Tax-exempt income	(100,454,071)	(18,477,893)	-0.7%	(378,250,950)	(70,545,227)	-9.5%
Tax effect of allowable expenses	(75,377,653)	(13,865,243)	-0.5%	(118,169,311)	(22,039,021)	-3.0%
Changes in estimates related to prior years		(129,551)	0.0%		-	0.0%
Deferred tax charge/(reversal)	-	(3,859,945)	-0.1%	-	48,048,618	6.5%
	2,553,831,691	465,771,718	17.9%	403,293,591	123,264,390	16.6%

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.

For the year ended 31 March,	Company and Investee		Company	
	2022	2021	2022	2021
Profit attributable to ordinary shareholders (Rs.)	2,133,834,232	621,365,476	2,132,156,582	620,849,864
Weighted average number of ordinary shares	21,800,000	21,800,000	21,800,000	21,800,000
Basic Earnings per share (Rs.)	97.88	28.50	97.81	28.48

Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2022 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

For the year ended 31 March,	Company	
	2022	2021
Interim dividend declared - 2019/20- (Rs.)	-	98,100,000
Interim dividend declared - 2020/21- (Rs.)	98,100,000	-
	98,100,000	98,100,000
Gross dividend -(Rs.)	98,100,000	98,100,000
Number of shares	21,800,000	21,800,000
Dividend per share (Rs.)	4.50	4.50

12. PROPERTY, PLANT AND EQUIPMENT

	Company and Investee / Company							Total 2022	Total 2021
	Freehold land	Buildings	Furniture, fittings and office equipment	Business Machines	Motor Vehicles	Plant, machinery, and electrical fittings	Capital work-in -progress		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost									
Balance as at 1 April	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
Additions during the year	-	-	902,943	6,707,824	14,250,000	3,293,926	213,847,152	239,001,845	116,078,789
Surplus on Revaluation	-	-	-	-	-	-	-	-	155,426,146
Transfers during the year	-	1,266,775	-	-	-	110,773,040	(112,039,815)	-	-
Accumulated Depreciation									
Transferred									(54,138,463)
Balance as at 31 March	389,500,000	335,766,775	34,509,760	56,593,700	209,855,954	807,707,142	159,398,086	1,993,331,417	1,754,329,572
Accumulated Depreciation									
Balance as at 1 April	-	-	23,023,581	45,899,821	121,056,059	555,343,936	-	745,323,397	714,715,823
Charge for the year	-	29,075,139	1,593,041	2,531,489	25,304,811	34,335,607	-	92,840,087	84,746,037
Accumulated Depreciation									
Transferred	-	-	-	-	-	-	-	-	(54,138,463)
Balance as at 31 March	-	29,075,139	24,616,622	48,431,310	146,360,870	589,679,543	-	838,163,484	745,323,397
Carrying value									
As at 31 March 2022	389,500,000	306,691,636	9,893,138	8,162,390	63,495,084	218,027,599	159,398,086	1,155,167,933	
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

12.1 Valuation of Lands and Buildings

The Company uses the revaluation model of measurement for lands and buildings. The Company has appointed Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka, an independent valuer, to determine the fair value of its lands and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on open market rates, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31 March 2021. As per the valuer's opinion, there is no significant change in the fair value as at 31st March 2022.

Fair value hierarchy

The fair value of the Land and Building was determined by an external independent property valuer, Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 12.3.

Notes to the Financial Statements

12.2 The details of freehold land and buildings which are stated at valuation are as follows;

Property owned by Kelani Cables PLC	Company and Investee / Company								
	Extent		No of buildings	Method of valuation	Date of Valuation	Valuer	Revalued Amount		Carrying value after revaluation
	Land (Perches)	Buildings (Square feet)					Land	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
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
			24				389,500,000	334,500,000	724,000,000
									206,672,905
									11,664,889
									218,337,794

The land and buildings were revalued as at 31 March 2021, by external independent property valuer 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.

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 categorised as Level 3 in the fair value hierarchy.

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
Wewelduwa, Kelaniya	Market comparable method	Land - Price per perch	Rs.80,000/- - Rs.450,000/-	The estimated fair value would increase/ (decrease) if: Price per perch for land increases/(decreases) Price per square feet for building increases/(decreases)
	Replacement cost method	Building -Price per square feet	Rs.950/- - Rs.4,500/-	
Mahena Road, Siyamblape South, Siyamblape	Market comparable method/ Replacement cost	Land - Price per perch	Rs. 275,000/-	Price per perch for land increases/(decreases) Price per square feet for building increases/(decreases)
	Replacement cost method	Building -Price per square feet	Rs.850/- - Rs.3,750/-	

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.

As at 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
12.4 Fully depreciated property, plant and equipment in use		
Details of fully depreciated assets as at the reporting date is as follows.		
Furniture, fittings and office equipment	18,743,727	17,264,965
Business machines	42,100,765	41,118,325
Motor vehicles	90,770,604	79,428,979
Plant machinery, and electrical fittings	279,334,548	268,861,405
	430,949,644	406,673,674

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 of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2022 by considering the impact from the current economic condition as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant and equipment (2020/2021 - Nil).

12.8 Temporarily idle property, plant and equipment

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

12.9 Property, plant and equipment under construction

Capital work in progress as at the reporting date included expenses incurred for buildings being constructed and installation of machineries which are to be completed in next financial year.

As at 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
13. INTANGIBLE ASSETS		
Computer software		
Cost		
Balance as at 1 April	12,750,925	5,822,751
Additions during the year	-	6,928,174
Balance as at 31 March	12,750,925	12,750,925
Accumulated amortization		
Balance as at 1 April	5,925,837	5,822,751
Amortized during the year	6,825,088	103,086
Balance as at 31 March	12,750,925	5,925,837
Carrying value as at 31 March	-	6,825,088

Notes to the Financial Statements

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
14. INVESTMENT PROPERTY		
Balance as at 1 April	650,500,000	306,000,000
Change in fair value	39,500,000	344,500,000
Balance as at 31 March	690,000,000	650,500,000

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	690,000,000

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 2022.

The significant unobservable inputs used in measuring land is categorized as Level 3 in the fair value hierarchy as at 31 March 2022.

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 Rs.	Fair value of land Rs.	Fair value gain recognized on land Rs.	Significant unobservable valuation inputs	Inter relationship between significant unobservable inputs and fair value measurement
Market comparable method	Rs.53,000,000/- per acre	650,500,000	690,000,000	39,500,000	Price per perch for land	Estimated fair value would increase/(decrease) If; Price per Perch of land increase/(decreases)

- 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. 162,000/- (2020/21 -Rs.412,000/-).

15. INVESTMENT IN SUBSIDIARY

As at 31 March,	Company and Investee / Company			
	Company Holding	No. of Shares	2022 Rs.	2021 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

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
Cost		
Balance as at 1st April	4,911,092	-
Additions to right-of-use assets	-	4,911,092
Balance as at 31 March	4,911,092	4,911,092
Accumulated amortization		
Balance as at 1 April	892,926	-
Charge for the year	892,926	892,926
Balance as at 31 March	1,785,852	892,926
Carrying value as at 31 March	3,125,240	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.

Notes to the Financial Statements

As at 31 March,	Company	
	2022 Rs.	2021 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
	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.

The Board of Directors are of the opinion that no asset of the Associate Company is likely to be realized for an amount less than the amount at which it is recorded in the Associate's financial statements as at 31 March 2022.

Based on the internal assessment provision for impairment is not required due to the carrying amount of the investment is less than the recoverable amount of the investment.

As at 31 March,	Company and Investee	
	2022 Rs.	2021 Rs.
17.2 Value of the investment		
Balance as at 1 April	73,455,084	54,742,020
Current years share of comprehensive income		
Included in profit or loss (Note 17.2.1)	399,661	515,612
Adjustment of previous share of profit or loss	1,277,989	-
Included in other comprehensive income (Note 17.2.2)	-	18,197,452
Included in comprehensive income	1,677,650	18,713,064
Investment in equity accounted investee	75,132,734	73,455,084
17.2.1 Included in profit or loss		
Share of loss before tax	(531,076)	(452,242)
Share of income tax charge	930,737	967,854
Share of profit of equity accounted investee, net of tax	399,661	515,612
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 Wire (Private) Ltd;

17.3 Carrying amount of interest in associate

As at 31 March,	2022	2021
Percentage ownership interest	29.99%	29.99%

As at 31 March,	2022 Rs.	2021 Rs.
Financial position of equity accounted investee		
Non current assets	-	-
Current assets	360,233,299	361,495,002
Non-current liabilities	-	-
Current liabilities	(109,707,344)	(110,760,894)
Net assets (100%)	250,525,955	250,734,108
Company's share of net assets (29.99%)	75,132,734	75,195,159

For the year ended 31 March,	2022 Rs.	2021 Rs.
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17.4 Company's share of comprehensive income

Financial performance of equity accounted investee		
Revenue (100%)	-	-
Profit for the year, net of tax (100%)	1,332,646	1,719,279
Other comprehensive income (100%)	-	60,678,400
Total comprehensive income (100%)	1,332,646	62,397,679
Company's share of total comprehensive income (29.99%)	399,661	18,713,064
Share of comprehensive income, net of tax	399,661	18,713,064

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.

18. INVENTORIES

Raw materials	486,145,620	475,609,017
Work-in-progress	211,918,072	327,727,002
Finished goods	1,220,907,442	1,229,211,311
Consumable stocks	85,637,400	70,857,873
	2,004,608,534	2,103,405,203
Impairment for obsolete inventories (Note-18.1)	(190,653,443)	(127,409,818)
	1,813,955,091	1,975,995,385
Goods in transit	526,236,772	251,977,022
	2,340,191,863	2,227,972,407

18.1 Impairment for obsolete inventories

Balance as at 1 April	127,409,818	127,595,716
Provision for recognized during the year	63,243,625	15,747,367
Write off of inventories previously impaired	-	(15,933,265)
Balance as at 31 March	190,653,443	127,409,818

Notes to the Financial Statements

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
19. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,917,269,613	2,914,929,592
Provision for impairment of trade receivables (Note -19.1)	(271,108,580)	(316,958,817)
	1,646,161,033	2,597,970,775
Advance paid to Blue Water Resort Hotel Project (Note 19.3)	371,439,207	360,540,000
Staff Loans	6,632,742	7,184,648
Interest income receivable	-	1,079,392
Advance paid to trade creditors	25,695,326	8,679,360
Other receivables	7,319,472	5,852,574
Provision for impairment of other receivables (Note -19.2)	(111,600)	(111,600)
	410,975,147	383,224,374
	2,057,136,180	2,981,195,149
19.1 Provision for impairment of trade receivables		
Balance as at 1 April	316,958,817	335,445,665
Written-off during the year previously impaired	-	(45,848,924)
Provision / (reversal of provision) during the year	(45,850,237)	27,362,076
Balance as at 31 March	271,108,580	316,958,817

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 2022, the main components of this allowance are a specific loss component that relates to individually significant exposures amounting to Rs.145,903,693/- (2020/21- Rs.57,047,206/-, 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.125,204,887/- (2020/21-Rs.259,911,611/-). 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	
	2022 Rs.	2021 Rs.
19.2 Provision for impairment of other receivables		
Balance as at 1 April	111,600	111,600
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 of USD 2,000,000 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	
	2022 Rs.	2021 Rs.
20. INVESTMENT IN FIXED DEPOSITS		
Balance as at 1 April	-	-
Investments during the year	910,620,000	-
Exchange gain	411,804,000	-
Balance at the end of the year	1,322,424,000	-
Interest receivable	14,376,383	-
Total investment in fixed deposits as at 31 March	1,336,800,383	-

Investment in fixed deposits which disclosed under cash and cash equivalent in last year has been disclosed under Investment in fixed deposits during the year since fixed deposits which had 3 months maturity has been reinvested during year for a term of one year.

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
21. CASH AND CASH EQUIVALENTS		
Cash in hand	2,633,027	5,070,345
Cash at bank	2,526,497,284	313,599,355
Fixed deposits -(3 months)	-	606,120,000
Cash and cash equivalents in the statement of financial position	2,529,130,311	924,789,700
Bank overdraft	(27,261,294)	(90,867,555)
Cash and cash equivalents in the statement of cash flows	2,501,869,017	833,922,145

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
22. STATED CAPITAL		
Issued and fully paid		
21,800,000 Ordinary shares (31/03/21 - 21,800,000)	218,000,000	218,000,000
	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.

Notes to the Financial Statements

As at 31 March,	Company and Investee		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
23. CAPITAL RESERVES				
Revaluation reserve (Note 23.1)	591,966,173	591,966,173	522,095,414	522,095,414
Capital redemption reserve fund (Note 23.2)	525,000	525,000	525,000	525,000
	592,491,173	592,491,173	522,620,414	522,620,414

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		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April	591,966,173	404,424,947	522,095,414	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 recognized 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	591,966,173	522,095,414	522,095,414

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	
	2022	2021
	Rs.	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 its retained earnings.

25. RETAINED EARNINGS

As at 31 March,	Company and Investee		Company	
	2022	2021	2022	2021
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April	3,408,195,883	2,908,360,870	3,455,811,558	2,956,492,157
Profit for the year	2,133,834,232	621,365,476	2,132,156,582	620,849,864
Other comprehensive income for the year	35,096,570	(23,430,463)	35,096,570	(23,430,463)
Interim dividend declared during the year	(98,100,000)	(98,100,000)	(98,100,000)	(98,100,000)
Balance as at 31 March	5,479,026,685	3,408,195,883	5,524,964,710	3,455,811,558

As at 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.

26. EMPLOYEE BENEFITS

26.1 Defined contribution plans

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

Employees' provident fund

Employer's contribution

39,672,730 36,623,756

Employees' contribution

29,846,787 27,469,917

Employees' trust fund

9,918,183 9,155,939

Notes to the Financial Statements

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 2022 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.

As at 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
Present value of unfunded obligation (Note 26.2.1)	122,806,774	160,740,911
26.2.1 Movement of the liability recognised in statement of financial position		
Balance as at 1 April	160,740,911	117,713,145
Provision for the year (Note 26.2.1.a)	12,280,427	24,901,452
Actuarial (gain)/ loss during the year (Note 26.2.1.b)	(43,382,658)	28,962,253
	129,638,680	171,576,850
Payments during the year	(6,831,906)	(10,835,939)
Balance as at 31 March	122,806,774	160,740,911
26.2.1.a Amount recognized in the statement of comprehensive income		
Current service cost	9,235,446	13,130,137
Interest cost	11,251,864	11,771,315
Past service credit	(8,206,883)	-
	12,280,427	24,901,452
26.2.1.b Amount recognized in the statement of other comprehensive income		
Actuarial (gain)/loss during the year	(43,382,658)	28,962,253
	(43,382,658)	28,962,253
The expense is recognized in the following line items in the statement of comprehensive income		
Cost of sales	5,365,701	10,563,581
Distribution expenses	3,818,497	7,517,564
Administrative expenses	3,096,229	6,820,307
	12,280,427	24,901,452

The provision for retirement benefits obligations as at 31 March 2022 is based on the actuarial valuation carried out by professionally qualified actuaries, Mr. M. Poopalanathan AIA of Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits"

During 2021/2022, the pension arrangements were adjusted to reflect new legal requirements in the country regarding the retirement age. As a result of the plan amendment, the Company's defined benefit obligation decreased by Rs. 8,206,883/-. A corresponding past service credit was recognized in profit or loss during 2021/2022.

As at 31 March,		Company and Investee / Company			
		2022	2021		
26.3	Actuarial assumptions				
Following were the principle actuarial assumptions at the reporting date.					
(a) Discount rate		14.5%	7.0%		
(b) Future salary increase rate		10.0%	9.0%		
(c) Retirement age		60 years	55 years		
(d) Staff turnover		10.0%	8.0%		
(e) Weighted average retirement age		8.08 years	8.80 years		
Other assumptions regarding future mortality are based on A67-70 (Ultimate) UK Assured Lives Table.					
The gratuity liability is not externally funded.					
It is also assumed that the company will continue in business as a going concern.					
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 2022		Company and Investee / Company			
		Discount rate	Effect	Salary increment rate	Effect
			Rs.		Rs.
	Effect on defined benefit obligation liability				
	Increase by 1%	15.5%	(5,683,881)	11.0%	7,014,123
	Decrease by 1%	13.5%	6,253,332	9.0%	(6,459,892)
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,		Company and Investee / Company			
		2022	2021		
		Rs.	Rs.		
26.5	Maturity profile of the defined benefit obligation				
Within the next 12 months		21,540,353	21,668,486		
Between 1-2 years		27,660,955	37,368,728		
Between 2-5 years		28,769,945	34,344,677		
Between 5-10 years		28,543,505	33,703,024		
Beyond 10 years		16,292,016	33,655,996		
		122,806,774	160,740,911		

Notes to the Financial Statements

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
27. DEFERRED TAXATION		
Deferred tax assets (Note 27.1)	(112,482,518)	(116,542,550)
Deferred tax liabilities (Note 27.2)	158,316,901	157,950,790
	45,834,383	41,408,240
27.1 Deferred tax assets		
Balance as at 1 April	116,542,550	130,511,432
Originated during the year - recognized in profit or loss	4,226,056	21,983,319
Originated/(reversal) during the year recognized in other comprehensive income	(8,286,088)	5,531,790
Effect of change in tax rates - reversal recognized in the profit or loss	-	(41,483,991)
Balance as at 31 March	112,482,518	116,542,550
27.2 Deferred tax liabilities		
Balance as at 1 April	157,950,790	143,320,472
Originated/(reversal) during the year recognized in profit or loss	366,111	29,672,931
Originated during the year recognized in other comprehensive income	-	29,686,394
Effect of change in tax rates - reversal during the year recognized in profit/loss	-	(1,124,985)
Effect of change in tax rates - reversal during the year recognized in other comprehensive income	-	(43,604,022)
Balance as at 31 March	158,316,901	157,950,790
27.3 Provision for the year		
Provision/ (reversal) during the year recognized in profit or loss	(3,859,945)	7,689,612
Provision during the year recognized in other comprehensive income	8,286,088	24,154,604
Effect of change in tax rates - provision during the year recognized in profit or loss	-	40,359,006
Effect of change in tax rates - reversal during the year recognized in other comprehensive income	-	(43,604,022)
Provision during the year recognized in comprehensive income	4,426,143	28,599,200

27.4 Movement in deferred tax assets and liabilities

As at 31 March,	Statement of Financial Position				Profit or loss				Other Comprehensive Income			
	2022		2021		2022		2021		2022		2021	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Timing Difference	Timing Difference	Timing Difference	Timing Difference	Effect on change in tax rate	Effect on change in tax rate	Effect on change in tax rate	Effect on change in tax rate
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability												
Property, plant and equipment	611,099,371	116,719,980	628,970,263	120,133,320	(3,413,340)	(5,544,539)	(1,124,985)	-	29,686,394	(43,604,022)		
Investment property	410,000,000	41,000,000	370,500,000	37,050,000	3,950,000	34,450,000	-	-	-	-		
Right-of-use assets	3,125,240	596,921	4,018,166	767,470	(170,549)	767,470	-	-	-	-		
	158,316,901		157,950,790		366,111	29,672,931	(1,124,985)	-	29,686,394	(43,604,022)		
Deferred Tax Assets												
Employee benefits	122,806,774	23,456,094	160,740,911	30,701,514	1,040,668	2,686,513	(10,476,470)	(8,286,088)	5,531,790			
Provision for PILEIS	619,247	118,276	669,454	127,866	(9,590)	(27,284)	(72,295)	-	-	-		
Impairment provision for debtors	271,108,580	51,781,739	316,958,817	60,539,134	(8,757,395)	10,267,513	(23,424,996)	-	-	-		
Impairment provision for inventory	190,653,443	36,414,808	127,409,818	24,335,275	12,079,533	8,217,816	(7,510,230)	-	-	-		
Lease Liability	3,725,662	711,601	4,391,420	838,761	(127,160)	838,761	-	-	-	-		
	112,482,518		116,542,550		4,226,056	21,983,319	(41,483,991)	(8,286,088)	5,531,790	-		
	(45,834,383)		(41,408,240)		3,859,945	(7,689,612)	(40,359,005)	(8,286,088)	(24,154,604)	43,604,022		

Management has measured the net deferred tax liability by applying the tax rates as per Inland Revenue (Amendment) Act No 10 of 2021 as at 31 March 2022. The Net Deferred Tax Liability is arrived at by applying the corporate tax rate of 19.1% (weighted average effective tax rate) applicable for the temporary difference as at 31 March 2022. (19.1% - 31 March 2021).

Management has recognised the impact arising on initial application of expected credit loss model within equity. Therefore in accordance with LKAS 12 deferred tax implications resulting has also been recognised within equity.

27.5 Tax on land 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 amounting to Rs. 226,495,019/- as at 31st March 2022, 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 of Rs. 43,260,549/- pertaining to revaluation reserve on freehold lands, which is computed at the corporate tax rate of 19.1% (weighted average effective tax rate).

Notes to the Financial Statements

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 2022 has been computed at rates applicable to the year of assessment 2021/22. The provision for deferred tax as at 31 March 2022 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 used as investment property. 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 fair valuation 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 31st March 2022, as shown below:

As at 31 March,	2022 Rs.	2021 Rs.
Freehold land classified as Investment Property which may have a P&L Impact	37,310,000	33,715,500

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.

28. INTEREST BEARING BORROWINGS

Current liability

Bank borrowings (Note 28.1)	156,795,672	802,432,730
Lease liability (Note 28.2)	1,187,658	995,386
	157,983,330	803,428,116

Non-current Liability

Bank borrowings (Note 28.1)	236,736,643	2,157,346
Lease Liability (Note 28.2)	2,538,004	3,396,034
	239,274,647	5,553,380
	397,257,977	808,981,496

28.1 Borrowings from banks

Balance as at 1 April	804,590,076	1,016,937,849
Loans obtained during the year	1,971,740,822	2,323,882,276
Loans repayments during the year	(2,382,798,583)	(2,536,230,049)
Balance as at 31 March	393,532,315	804,590,076
Current	156,795,672	802,432,730
Non-current	236,736,643	2,157,346
Total bank borrowings at the end of the year	393,532,315	804,590,076

28.2 Lease liabilities

Balance as at 1 April	4,391,420	-
Additions during the year	-	4,911,092
Interest expense during the year	563,602	641,928
Payments made during the year	(1,229,360)	(1,161,600)
Balance as at 31 March	3,725,662	4,391,420
Current	1,187,658	995,386
Non-current	2,538,004	3,396,034
Total lease liabilities at the end of the year	3,725,662	4,391,420

For the year ended 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
Amounts recognised in profit or loss		
Interest on lease liabilities	563,602	641,928
Amortization on right of use assets	892,926	892,296
Amounts recognized in statement of cash flows		
Total cash flow for leases	1,229,360	1,161,600
Maturity Analysis of lease liability		
Within 1 year	1,277,760	1,229,360
Between 1 and 2 years	1,352,296	1,277,760
Between 2 and 5 years	2,108,304	3,460,600
	4,738,360	5,967,720

28.3 The Details the bank borrowings as at the reporting date are as follows :

As at 31 March,				2022		2021	
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	2,157,550	15,600,000	5,277,346
Hatton National Bank PLC	LKR	Linked to AWPLR	2021	-	-	702,000,000	702,000,000
Hongkong and Shanghai Banking Corporation	LKR	Linked to cost of funds	2021	-	-	97,312,730	97,312,730
Peoples Bank	LKR	5.5% p.a	2025	360,000,000	324,000,000	-	-
DFCC Bank PLC	LKR	7.75% - 8.25% p.a	2029	74,466,853	67,374,765	-	-
				450,066,853	393,532,315	814,912,730	804,590,076

As at 31 March,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
29. TRADE AND OTHER PAYABLES		
Trade payables		
Trade payables	457,736,254	273,460,902
Bills payable	1,920,976,476	1,349,430,754
	2,378,712,730	1,622,891,656
Other payables		
Accrued charges	105,062,737	112,269,093
Nation building tax payable	17,827,208	17,827,208
Distributors' deposits	118,294,246	97,564,100
Advances from debtors	316,409,895	40,189,897
Retention of payments	22,611,907	18,755,742
Other payables	47,052,915	51,229,838
	627,258,908	337,835,878
	3,005,971,638	1,960,727,534

Notes to the Financial Statements

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
30. AMOUNT DUE TO RELATED COMPANIES		
30.1 Amount due to related companies		
ACL Cables PLC	95,085,123	156,315,301
ACL Plastics PLC	293,275,565	250,272,414
Ceylon Copper (Pvt) Ltd.	-	112,681,356
ACL Electric (Pvt) Ltd	2,680,607	2,810,642
Cable Solutions (Private) Ltd	648,114	3,859,301
S M Lighting (Private) Ltd	119,655,013	74,697,810
	511,344,422	600,636,824
30.2 Amount due from related companies		
Trade receivables		
ACL Metals & Alloys (Pvt) Ltd	87,091	224,294
Ceylon Copper (Pvt) Ltd	43,337,172	-
	43,424,263	224,294
Short term loan		
Loan given to ACL Cables PLC (Note 30.2.1)	500,000,000	-
Interest receivable from ACL Cables PLC	3,778,082	-
	547,202,345	224,294

30.2.1 Loan given to ACL Cables PLC

The Company granted a loan facility of Rs.500,000,000/- to the ACL Cables PLC for the purpose of financing working capital. According to the agreement the interest is accrued monthly at the rate of 91 days Treasury bill rate less 2% p.a or AWPLR, whichever is lower. The Capital payment due at the expiration of the facility shall be paid on or before 31st August 2022 or be rolled over as may be decided by the Company.

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
31. CURRENT TAX PAYABLES		
Balance as at 1 April	306,620,053	286,892,844
Provision for the year	469,761,214	75,215,772
Reversal of over provision of tax for last year	(129,551)	-
Payments made during the year	(115,507,500)	(55,488,563)
Balance as at 31 March	660,744,216	306,620,053

As at 31 March,	Company and Investee / Company	
	2022 Rs.	2021 Rs.
32. UNCLAIMED DIVIDENDS		
Balance as at 1 April	17,212,429	14,957,690
Dividend declared	98,100,000	98,100,000
Payments during the year	(103,011,055)	(95,845,261)
Balance as at 31 March	12,301,374	17,212,429

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.

Parent and Ultimate Controlling Entity

The parent company is Lanka Olex Cables (Private) Limited and the ultimate holding Company is ACL Cables PLC.

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,	2022 Rs.	2021 Rs.
Short term employee benefits/fee	22,638,000	19,510,000
Post employment benefits	-	-

(iii) Guarantees given to/ received from related parties

There are no guarantees given to/received from related parties

(iv) Transactions with close family members

There were no transactions with close family members during the year ended 31 March 2022.

Notes to the Financial Statements

33.2 Transactions with related companies

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount	Transaction amount
				2022	2021
				Rs.	Rs.
ACL Cables PLC	Ultimate parent company	U.G. Madanayake Suren Madanayake Mrs. N. C. Madanayake	Purchase of goods (Gross)	(789,781,045)	(832,355,912)
			Settlements during the year	849,055,228	902,490,739
			Purchase of machinery	(108,000,000)	-
			Settlements during the year	108,000,000	-
			Sale of goods, scraps and drawing charges (Gross)	76,188,120	28,740,282
			Settlements during the year	(69,325,897)	(68,446,826)
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake Mrs. N. C. Madanayake	Bills charged by ACL Cables PLC	(23,540,961)	(20,086,809)
			Settlements during the year	18,634,733	20,086,809
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Loan given to ACL Cables PLC	500,000,000	-
			Interest accrued	3,778,082	-
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake Mrs. N. C. Madanayake	Purchase of Raw Materials (Gross)	(1,389,675,759)	(865,590,062)
			Settlements during the year	1,346,783,237	792,400,280
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Sale of goods/scraps (Gross)	4,191,162	1,261,784
			Settlements during the year	(4,301,791)	(54,358)
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Purchase of Raw Materials (Gross)	(52,039,141)	(117,058,023)
			Settlements during the year	52,039,141	121,288,673
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Sale of goods/Scraps	300,154	401,846
			Settlements during the year	(437,357)	(381,110)
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Purchase of raw materials (Gross)	(383,397,761)	(968,247,106)
			Settlements during the year	539,416,289	871,541,767
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Purchase of finished goods (Gross)	(9,875,295)	(15,064,111)
			Settlements during the year	10,009,029	15,838,718
Lanka Olex Cables (Private) Ltd	Immediate parent company	U.G. Madanayake Suren Madanayake Mrs. N. C. Madanayake	Sale of finished goods (gross)	86,645	113,754
			Settlements during the year	(90,344)	(45,098)
S. M. Lighting (Private) Ltd.	Related through KMP	Suren Madanayake	Interim dividend payment 2020/21-Rs.4/50 per share	73,572,066	
			Interim dividend payment 2019/20-Rs.4/50 per share		73,572,066
S. M. Lighting (Private) Ltd.	Related through KMP	Suren Madanayake	Purchase of finished goods (Gross)	(514,869,806)	(314,014,006)
			Settlements during the year	469,909,482	294,314,674
Cable Solutions (Private) Limited	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Sale of finished goods (gross)	3,120	27,916
			Settlements during the year	-	-
Cable Solutions (Private) Limited	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Sale of finished goods/ Raw Materials(gross)	8,708,889	12,762,657
			Settlements during the year	(10,295,823)	(23,187,882)
Cable Solutions (Private) Limited	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake Suren Madanayake	Purchase of finished goods (Gross)	(9,231,721)	(13,427,404)
			Settlements during the year	14,029,841	9,857,969

Transactions with related parties are carried out in the ordinary course of business have been reviewed and approved by the Related Party Transactions Review Committee of the Company. All these transactions were entered into with these related parties on an arm's length basis under normal commercial terms & conditions. Outstanding related parties account balances at the year-end are unsecured. No expense has been recognized in the current or prior year for bad and doubtful debts in respect of the amount owed by related parties. No guarantees were given or received for the transactions. This note should be read in conjunction with 30 to the Financial Statements.

33.3 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue/income of the Company as per 31 March 2022 audited Financial Statements. Details of significant related party disclosures for the year ended 31 March 2022 as follows,

Company	Relationship	Nature of the Transactions	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as % of Net Revenue/Income	Terms and Conditions of Related Party Transactions
			Rs.		
ACL Cables PLC	Ultimate parent company	Purchase of goods/ Machinery	897,781,045	5.9%	Ordinary course of business
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials	1,389,675,759	9.2%	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 which ever is lower of the Company as per 31 March audited financial statements.

Details of non-recurrent related party disclosures for the year ended 31 March 2022 as follows,

Company	Relationship	Nature of the Transactions	Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as % of Net Revenue/Income	Aggregate value of Related Party Transactions as % of total assets
			Rs.		Rs.
ACL Cables PLC	Ultimate parent company	Loan given	500,000,000	7.5%	4.4%

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 analyze 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 Group. 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.

Notes to the Financial Statements

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,	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
Financial assets at amortized cost		
Trade and other receivables (Note 19)	2,057,136,180	2,981,195,149
Amount due from related companies (Note 30.1)	547,202,345	224,294
Deposits	7,028,858	6,195,919
Investment in fixed deposit (Note 20)	1,336,800,383	-
Cash and cash equivalents (Note 21)	2,526,497,284	919,719,355
	6,474,665,050	3,907,334,717

Expected credit loss assessment for trade receivables

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables. 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 similar assets in respect of losses that expected to be incurred. The collective loss allowance is determined based on historical data of payment statistics as at every reporting date.

The aging of trade receivables at the end of the reporting period was as follows:

As at 31 March 2022	Gross carrying amount	Impairment on trade receivables	Net carrying amount
	Rs.	Rs.	Rs.
Less than 30 days	740,909,885	18,796,277	722,113,608
Between 31 days - 60 days	576,797,457	15,883,275	560,914,182
Between 61 days - 90 days	227,024,475	8,193,767	218,830,708
Between 91 days - 180 days	123,212,624	8,072,140	115,140,484
Between 181 days - 365 days	43,604,479	15,779,589	27,824,890
More than 365 days	205,720,693	204,383,532	1,337,161
	1,917,269,613	271,108,580	1,646,161,033

As at 31 March 2021	Gross balance	Impairment on trade receivables	Net balance
	Rs.	Rs.	Rs.
Less than 30 days	991,689,944	14,420,038	977,269,906
Between 31 days - 60 days	810,894,187	13,149,215	797,744,972
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
	2,914,929,593	316,958,817	2,597,970,776

Movements in the allowance for impairment in respect of trade receivables

As at 31 March	Company and Investee / Company	
	2022	2021
	Rs.	Rs.
The movement in the allowance for impairment in respect of trade receivables during the year was as follows.		
Balance as at 1 April	316,958,817	335,445,665
Written-off during the year previously impaired	-	(45,848,924)
Provision / (reversal) during the year	(45,850,237)	27,362,076
Balance as at 31 March	271,108,580	316,958,817

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 market segment 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 has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer, which represents the maximum open amount without requiring further approval from the Director/ Chief Executive Officer; these limits are reviewed annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis or on secured basis. In response to the current economic conditions, the risk management committee has also been performing more frequent reviews of sales limits for customers in regions and industries that are severely impacted.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 and 60 days for individual and corporate customers respectively. During the year ended 31 March 2022, the Company temporarily extended the credit terms to up to 60 days for specific customers with liquidity constraints arising as a direct result of the current economic conditions. All extensions were granted within current sales limits after careful consideration of the impact of the current economic conditions on the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

More than 75% of the Company's customers have been transacting with the Company for over four years. In monitoring customer credit risk, customers are grouped according to the credit characteristics of the market segment, including whether they are an individual or legal entity, whether they are a corporate customer or a state entity.

Control measures and action plans to mitigate risk

- Constant monitoring of trends in payment patterns.
- 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.
- Robust credit policy in place to review credit worthiness on a periodic basis.
- Every endeavour is made to secure revolving advances.
- Actively measuring trade debtor balances with collection targets and regular meetings to monitor and review efficacy of collection activities.
- Instituting legal action as a last resort.

Notes to the Financial Statements

b. Credit risk on financial investments

Cash and Cash equivalents

The Company held cash and cash equivalents at banks of Rs, 2,526 Mn as at 31 March 2022 (2020/2021 - Rs. 920 Mn), 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,	Company and investee /Company	
	2022	2021
	Rs.	Rs.
Credit rating		
AAA	480,579,195	944
AA+	-	853,302,666
AA-	2,044,858,277	12,488,056
A+	1,059,812	53,396,166
A	-	531,525
	2,526,497,284	919,719,357

Investment in fixed deposit

The Company held Investment in fixed deposit at banks of Rs, 1,337 Mn as at 31 March 2022, which represents it's maximum credit exposure on these asset. Investment in fixed deposit are held by banks which are rated as follows,

As at 31 March,	Company and investee /Company	
	2022	2021
	Rs.	Rs.
Credit rating		
AA-	1,336,800,383	-
	1,336,800,383	-

Control measures and action plans to mitigate risk

- (a) The Company's investment policy prohibits non-graded investments, unless specifically authorised.
- (b) Regularly review credit worthiness of counterparties and take necessary actions if required.
- (c) Appropriate actions are implemented when the investments are expected to be high credit risk.

Amount due from related companies

Amounts due from related Companies are expected to be settled within one year from the reporting date hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date. Based on historic default rate the Company believes that, apart from the above, no impairment allowance is necessary in respect of amounts due from related parties for past dues or past due by up to 365 days.

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 summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2022

As at 31 March 2022	Carrying amount	Total	Contractual cash flows (Rs.)			
			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	397,257,977	432,308,697	45,105,817	130,773,359	165,112,773	91,316,748
Bank overdraft	27,261,294	27,261,294	27,261,294	-	-	-
Trade and other payables	2,554,059,891	2,544,059,891	2,438,069,255	105,990,636	-	-
Unclaimed dividends	12,301,374	12,301,374	12,301,374	-	-	-
Amount due to related parties	511,344,422	511,344,422	511,344,422	-	-	-
	3,492,224,958	3,527,275,678	3,034,082,162	236,763,995	165,112,773	91,316,748

As at 31 March 2021	Carrying amount	Total	Contractual cash flows (Rs.)			
			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	85,604,774	-	-
Unclaimed dividends	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	89,123,040	3,515,141	3,460,600

Notes to the Financial Statements

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 has access to approved short-term financing facilities from commercial banks, if required.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.
- Regular reviews cash flow projections.
- Availability of stand by overdraft facility to be used in the event of an emergency.

Unutilised bank overdraft facilities

As at 31 March 2022 the Company had approved overdraft facilities amounting to Rs. 510 Mn of which 27 Mn was unutilized. In addition, the Company has access to approved trade and short-term financing facilities of Rs. 5,590 Mn from commercial banks, of which Rs. 2,927 Mn was utilized on letter of credits/guarantees and loans as at 31 March 2022.

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.

Market risk principally arises on the Company's equity investments, interest-bearing financial assets and financial liabilities, and financial assets and financial liabilities denominated in foreign currencies.

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.
- (e) Securing Green Globe and Eco Friendly Certification in acknowledgement of commitment to sustainable tourism.
- (f) Participation in global and regional tourism promotional events in potential and emerging markets.

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.

Exposure to currency risk

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

As at 31 March,	Company and Investee / Company			
	2022		2021	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial assets				
Trade and other receivables	1,644,226	483,192,086	1,870,545	377,924,912
Investment in fixed deposit	4,500,000	1,322,424,000	-	-
Cash and cash equivalents	4,588,095	1,348,312,622	3,907,849	789,541,812
	10,732,321	3,153,928,707	5,778,394	1,167,466,724
Financial liability				
Trade and other payables	(7,666,489)	(2,252,966,408)	(6,089,733)	(1,230,369,655)
	(7,666,489)	(2,252,966,408)	(6,089,733)	(1,230,369,655)
Net finance assets /(liability) exposure	3,065,832	900,962,299	(311,339)	(62,902,932)

	Average rate		Reporting date conversion rate	
	2022	2021	31-Mar-22	31-Mar-21
USD 1	212.21	191.08	293.87	202.04

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

The Company, as at the reporting date holds financial instruments denominated in currencies other than its functional / reporting currency. A reasonable possible strengthening or weakening of the US Dollar (USD) against Sri Lanka Rupee (LKR) as at the reporting date would have affected the measurement of USD denominated Assets and Liabilities and affected profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

LKR has depreciated significantly against USD subsequent to the reporting date, this may lead to substantial impact on the future profits of the Company.

As at 31 March	Effect on profit or loss	
	2022	2021
LKR depreciated against USD by 15%	135,144,345	(9,435,440)
LKR appreciated against USD by 15%	(135,144,345)	9,435,440

Notes to the Financial Statements

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,

The interest rates have increased significantly after the reporting date, this may lead to substantial negative impact on the future profits of the Company.

As at 31 March,	Company and Investee / Company			
	2022		2021	
	Fixed rate instruments Rs.	Variable rate instruments Rs.	Fixed rate instruments Rs.	Variable rate instruments Rs.
Fixed rate instruments				
Financial assets				
- Fixed deposits	1,345,482,000	-	606,120,000	-
- Savings accounts	2,532,760,486	-	309,486,657	-
- Loan given to related party	500,000,000	-	-	-
	4,378,242,486	-	915,606,657	-
Financial liabilities				
- Interest bearing borrowings	(393,532,315)	-	(5,277,346)	(799,312,730)
- Bank overdraft	-	(27,261,294)	-	(90,867,555)
	(393,532,315)	(27,261,294)	(5,277,346)	(890,180,285)
Maximum exposure	3,984,710,171	(27,261,294)	910,329,311	(890,180,285)

Cash flow sensitivity analysis for variable rate instruments

A change of 800 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,	Effect on profit or loss	
	2022 Rs.	2021 Rs.
Variable rate instruments		
8% Increase in interest rate	(2,180,904)	(71,214,423)
8% Decrease in interest rate	2,180,904	71,214,423

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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.

Notes to the Financial Statements

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,	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial assets at amortised cost				
Trade and other receivables	2,057,136,180	2,057,136,180	2,981,195,149	2,981,195,149
Deposit	7,028,858	7,028,858	6,195,919	6,195,919
Amount due from related parties	547,202,345	547,202,345	224,294	224,294
Investment in fixed deposit	1,336,800,383	1,336,800,383	-	-
Cash in hand cash at bank	2,529,130,311	2,529,130,311	924,789,700	924,789,700
	6,477,298,077	6,477,298,077	3,912,405,062	3,912,405,062
Other financial liabilities				
Trade and other payable	2,566,671,798	2,566,671,798	1,790,441,336	1,790,441,336
Amount due to related parties	511,344,422	511,344,422	600,636,824	600,636,824
Interest bearing borrowings	397,257,977	397,257,977	808,981,496	808,981,496
Bank overdrafts	27,261,294	27,261,294	90,867,555	90,867,555
	3,502,535,491	3,502,535,491	3,290,927,211	3,290,927,211

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.

The fair value of the loans to staff has been computed based on the interest rates prevailed at reporting date.

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 MANAGEMENT

"The Company's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earnings. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

As at 31 March,	Company and Investee		Company	
	2022	2021	2022	2021
Total liabilities (Rs.)	4,783,522,078	3,987,195,042	4,783,522,078	3,987,195,042
Less: Cash and cash equivalents (Rs.)	(2,529,130,311)	(924,789,700)	(2,529,130,311)	(924,789,700)
Net liability (Rs.)	2,254,391,767	3,062,405,342	2,254,391,767	3,062,405,342
Equity (Rs.)	6,720,653,858	4,649,823,056	6,696,721,124	4,627,567,972
Gearing ratio	0.34	0.66	0.34	0.66

37. 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,	2022 Rs.	2021 Rs.
Approximate amount approved but not contracted for	18,846,674	95,054,596

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

38. CONTINGENT LIABILITY

Guarantees

The contingent liability as at 31 March, 2022 on guarantees given to third parties amounted to Rs.183,384,363/- (2021 - Rs.133,131,696/-)

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

The Company has taken legal action to recover Rs. 43,385,959/- as at 31 March 2022. These litigations are still being heard in the courts.

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

39. COMPARATIVE INFORMATION

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

Notes to the Financial Statements

40. EVENTS AFTER REPORTING DATE

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

Value Added Tax (VAT)

In accordance with the Gazette No. 2282/26 enacted on 31st May 2022, Value Added Tax (VAT) as per the Value Added Tax Act No. 14 of 2002 as amended by Act No. 6 of 2005, has been increased to 12% from 8% effective from 1st June 2022.

41. EMPLOYEE AND INDUSTRY RELATIONS

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

42. 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.

43. IMPACT FROM RAPID CHANGE IN MACRO ECONOMIC FACTORS

The Macro-Economic Environment of Sri Lanka

The operations of nearly all the manufacturing companies, which are dependent on import of raw material and finished goods, has been witnessing severe events that have set off an interconnected fiscal, monetary and economic crisis as well as a deep recession that have reached unprecedented levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of 'Default (C)' when, on 12th April 2022, the Sri Lankan Government announced that it will withhold payment on the bonds due and discontinuation of payments on all its foreign debts.

As at 31st March 2022 inflation rate was 21.50%. However, it has been escalated up to 58.90%. Exchange rates also observed a notable fluctuation after the balance sheet date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain did not exist as of Rs. 212 Mn as at 31st March 2022.

The unexpected abatement in foreign reserves of Sri Lanka has resulted in a highly volatile depreciation of the Sri Lankan Rupee leading to increased goods prices in the country. On 10th March 2022, The Central Bank of Sri Lanka took fiscal monetary measures in order to mitigate the aforementioned monetary consequences. Firstly, restrictions were imposed on the import of non-essential commodities by limiting the Letter of Credit facilities which are expected to discourage the demand on foreign currencies. Secondly, the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank were increased in order to debilitate the inflation condition. Finally, the open account facility and customer matching arrangement to import goods was prohibited.

Impact on Business Operations

The company faces significant challenges as it relies on imports with the supply chain disruptions, depreciation of exchange rates, import restrictions and increasing inflation of the country. Further Due to the shortage of foreign currency in formal banking channels, the Letters of Credit for direct imports will not be established on time. All these factors have an adverse impact on the overall business activities and operations of the Company in the short to medium term.

Measures imposed to curtail the adverse present economic condition

To overcome this risk of adverse economic conditions, the Company carefully managed the inventory levels to run through next few months, focus on cash sales, and secured funding lines to manage possible liquidity issues. Further, the Company is highly focusing to secure export income while enhancing the export customer base mainly to overcome dollar liquidity shortage and take timely price revisions to mitigate the exposure of rupee depreciation.

Impact on Assets & Impairments

As a result of the steps taken by company, Company could maintain the standard operations without causing disturbance to performance of the company and its assets. Therefore, no requirement arose on impairment of Financial and Non-Financial Assets of the company while the Company has improved the plant and machinery for serving a better quality of product to the market.

Investors' information

DISTRIBUTION OF SHAREHOLDING - MARCH 31, 2022

Range	No of Holders	Total Holding	% Holding
Up to 1000	1511	311,124	1.4%
1,001 - 10000	365	1,275,331	5.9%
10,001 - 100000	84	2,199,833	10.1%
100,001 - 1000000	7	1,664,364	7.6%
Over 1,000,000	1	16,349,348	75.0%
	1968	21,800,000	

TWENTY LARGEST SHAREHOLDERS

As at 31 March	2022		2021	
	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 National Savings Bank	170,000	0.8%	-	0.0%
4 Bank of Ceylon-No 2 A/C (BOC PTF)	117,918	0.5%	321,213	1.5%
5 Employees Trust Fund Board	116,285	0.5%	45,946	0.2%
6 Frontier Wealth (Pvt) Ltd	112,905	0.5%	-	0.0%
7 Hatton National Bank PLC/Hennasy Geeth B.	110,000	0.5%	-	0.0%
8 Thaha I. M.	103,500	0.5%	103,500	0.5%
9 Hatton National Bank PLC-Astrue Alpha Fund	100,000	0.5%	-	0.0%
10 DFCC Bank PLC A/C No. 02	87,450	0.4%	-	0.0%
11 Ceylinco Shriram Capital Management Services	76,600	0.4%	-	0.4%
12 Seylan Bank PLC/Gladstone Capital (Pvt) Ltd.	72,500	0.3%	-	0.0%
13 Saraswathi V. and Vasudevan S.	63,944	0.3%	63,944	0.3%
14 Seylan Bank PLC/Neyil Susanth Sugathadasa	63,278	0.3%	-	0.0%
15 Goonesekera C. D. M. (Mrs.)	62,500	0.3%	62,500	0.3%
16 Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
17 Ratnasabapathy M. R.	60,369	0.3%	-	0.0%
18 Asantha D. N.	59,275	0.3%	-	0.0%
19 Madanayake U. G.	56,200	0.3%	56,200	0.3%
20 Mayakaduwa J. K.	54,000	0.2%	-	0.0%

Investors' information

SHARE HELD BY PUBLIC

	Number of Shares	% Holding	Number of Share holders
Share held by public as at 31 March 2022	4,399,696	20.2%	1964
Share held by public as at 31 March 2021	4,399,696	20.2%	1414

	As at 31 March	
	2022	2021
Float adjusted market capitalization (Rs.)	1,279,211,612	491,666,028

Company complies the requirement of Listing Rules of 7.14.1 -Minimum Public Holding as a Continuous Listing Requirement under the option No. 05 of 7.14.1 (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

	2022	2021
Market value per share		
At the year end -Rs.	290.75	111.75
Highest value during the year -Rs.	772.00	195.00
Lowest value during the year -Rs.	110.25	50.00
Earnings per share (EPS)- Rs.	97.88	28.50
Net asset per share - Rs.	308.29	213.29
Dividend per share (DPS) -Rs.	4.50	4.50
Dividend yield	1.5%	4.0%
Price earnings ratio	3.0	3.9
Number of transactions	21,129	5181
Number of share traded	8,489,627	4,818,446
Total turnover (Rs.)	2,576,566,087	665,067,948
Market capitalization (Rs.)	6,338,350,000	2,436,150,000
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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue	15,115,383	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
Gross profit	3,257,133	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
Earnings before interest and tax	2,685,514	854,931	576,067	451,428	325,934	535,022	720,210	500,627	351,904	317,254
Finance expense	(85,908)	(110,301)	(149,922)	(122,511)	(74,277)	(37,184)	(39,588)	(55,581)	(41,255)	(36,952)
Profit before tax	2,599,606	744,630	426,146	328,917	251,657	497,837	680,622	445,045	310,649	280,302
Income tax expense	(465,772)	(123,264)	(73,095)	(96,920)	(66,888)	(119,503)	(181,895)	(118,944)	(95,564)	(79,951)
Profit for the year	2,133,834	621,365	353,051	231,997	184,769	378,334	498,727	326,101	215,085	200,351

FINANCIAL POSITION

As at 31 March	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	592,491	404,950	404,950	404,950	300,458	300,458	300,458	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	5,479,027	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
	6,720,654	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
Property, plant and equipment	1,155,168	1,009,006	822,247	872,316	852,737	663,112	679,381	714,179	588,800	512,733
Intangible assets	-	6,825	-	-	-	-	-	1,123	-	-
Investments	75,133	73,455	54,742	56,751	20,021	14,155	13,479	10,847	10,409	28,335
Investment property	690,000	650,500	306,000	295,000	280,000	253,750	231,000	208,000	130,000	130,000
Right-of-use assets	3,125	4,019	-	-	-	-	-	-	-	-
Current assets	9,580,750	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
Current liabilities	(4,375,606)	(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)
Non current liabilities	(407,916)	(207,703)	(135,539)	(179,420)	(230,863)	(150,129)	(188,492)	(217,264)	(191,748)	(104,819)
	6,720,654	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

RATIOS

Gross margin	21.5%	13.3%	15.0%	13.7%	12.6%	15.9%	19.7%	16.5%	16.6%	15.7%
Net margin	14.1%	6.4%	4.0%	2.7%	2.3%	5.3%	7.5%	5.3%	4.1%	4.4%
Return of investment (ROI)	40.0%	18.4%	14.5%	12.2%	8.8%	15.4%	22.6%	18.1%	15.0%	14.7%
Return of average equity	37.5%	14.4%	9.2%	6.3%	5.2%	11.3%	16.8%	12.8%	9.6%	9.7%
Assets turnover	1.5	1.2	1.2	1.3	1.4	1.3	1.3	1.4	1.4	1.4
Working capital turnover	2.9	3.1	3.0	3.2	2.9	2.6	2.7	3.0	2.9	2.9
Current ratio	2.2	1.8	1.9	1.9	2.2	2.3	2.4	2.1	2.3	2.1
Net asset per share - Rs.	308.29	213.29	181.76	169.05	169.13	159.38	146.47	126.56	107.40	99.22
Dividend per share (DPS) - Rs.	4.50	4.50	3.50	3.50	3.50	4.50	3.00	1.50	1.50	1.00
Earnings per share (EPS) - Rs.	97.88	28.50	16.20	10.64	9.03	17.27	22.79	14.78	10.46	9.19
Market price per share (end) - Rs.	290.75	111.75	52.0	67.40	93.00	117.50	112.50	80.00	80.00	64.10
Dividend yield (%)	1.5%	4.0%	6.7%	5.2%	3.8%	3.8%	2.7%	1.9%	1.9%	1.6%
Dividend payout ratio	5%	16%	22%	33%	39%	26%	13%	10%	14%	11%
Price earnings ratio	3.0	3.9	3.2	6.3	10.3	6.8	4.9	5.4	7.6	7.0

Statement of value addition

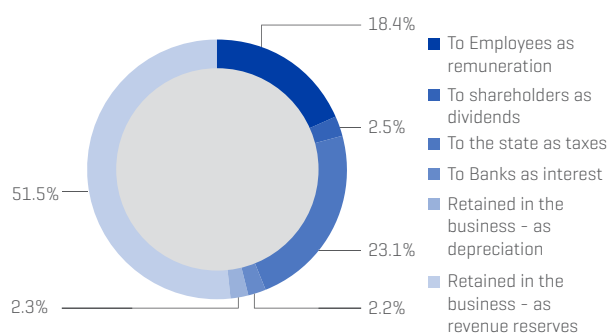
For the year ended 31 March	Company and Investee		Company	
	2022	2021	2022	2021
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	15,115,383	9,650,438	15,115,383	9,650,438
Other operating and interest income	326,844	404,680	326,844	404,680
Share of profit of equity accounted investee net of tax	1,678	516	-	-
	15,443,905	10,055,634	15,442,227	10,055,118
Less:				
Cost of material & services purchased	11,492,553	8,016,195	11,492,553	8,016,195
Value added	3,951,352	2,039,439	3,949,674	2,038,923
Value addition as a percentage on revenue	26.1%	21.1%	26.2%	21.1%

DISTRIBUTION AS FOLLOWS

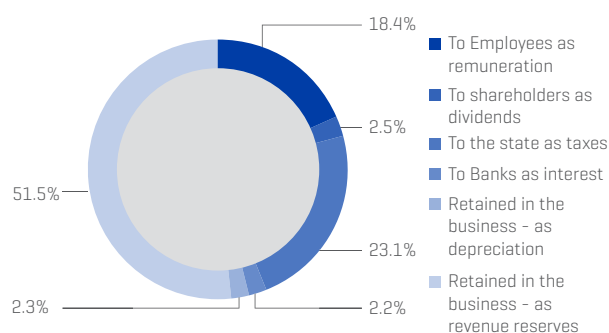
For the year ended 31 March	Company and Investee				Company			
	2022	As a %	2021	As a %	2022	As a %	2021	As a %
	Rs'000		Rs'000		Rs'000		Rs'000	
To employees as remuneration	725,761	18.4%	667,233	32.7%	725,761	18.4%	667,233	32.7%
To shareholders as dividends	98,100	2.5%	98,100	4.8%	98,100	2.5%	98,100	4.8%
To the state as taxes	913,009	23.1%	555,793	27.2%	913,009	23.1%	555,793	27.3%
To banks as interest	85,908	2.2%	110,301	5.4%	85,908	2.2%	110,301	5.4%
Retained in the business								
- As depreciation	92,840	2.3%	84,746	4.2%	92,840	2.3%	84,746	4.2%
- As revenue reserves	2,035,734	51.5%	523,265	25.7%	2,034,056	51.5%	522,750	25.6%
	3,951,352		2,039,439		3,949,674		2,038,923	

DISTRIBUTION OF VALUE ADDITION 2021/22

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 and 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 CAPITALIZATION

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 Third Annual General Meeting of Kelani Cables PLC will be held on 28th September 2022 at an online platform by Audio or Audio Visual means at 10.30 am for the purpose of considering and if thought fit passing the following resolutions as Ordinary Resolutions. The Board of Directors, Key Management Personnel, and other officials who are necessary for the holding of the meeting will assemble together at No. 60, Rodney Street, Colombo 08 and shareholders and proxy holders are requested to join the meeting only via the online meeting platform.

1. To receive and adopt the Report of the Directors and the statement of Accounts for the financial year ended 31 March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr Deepal Sooriyarachchi, who retires by rotation in terms of Article 85 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 in May 2006, 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 in August 2013, 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. Bandula Perera, who has passed the age of 70 years in April 2015, 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 in October 2016, 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 (Pvt) Ltd
Secretaries

29 July 2022

NOTE:

- (a) The Board of Directors, having considered the prevailing situation in the country 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) 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.
- (c) Please complete and forward the Annexure (1) provided with the Annual Report to the email address : investor.relations@acl.lk on or before 23rd September 2022 to get connected to the online platform.
- (d) The Annual Report inclusive of the Audited Financial Statements for the financial year ended 31st March 2022 is available on the Company website - <https://kelanicables.com> and on Colombo Stock Exchange website <https://www.cse.lk>.

Notes

[illegible]

Notes

[illegible]

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, Wewelduwa,
Kelaniya,
Sri Lanka

Tel : +94 11 2911224, +94 11 7434400

Fax : +94 11 2910481

E-mail : info@kelanicable.com

CORPORATE WEBSITE

www.kelanicable.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

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www.kelanicables.com