



PURPOSE **PERFORMANCE** **POWER**

ANNUAL REPORT
2024/25



CONTENTS

About Us	2
Financial Highlights - Company & Investee	3
System and Product Certifications and Awards	4
Chairman's Review	6
Report of the Chief Executive Officer	8
Board of Directors	11
Senior and Middle Management Team	14
Operating Environment and Resilient Performance	18
Product Portfolio	20
MANAGEMENT DISCUSSION AND ANALYSIS	
Financial Capital	23
Intellectual Capital	25
Natural Capital	29
Social and Relationship Capital	34
Human Capital	39
Manufactured Capital	47
Marketing Strategy and Brand Strength	48
Chairman's Statement on Corporate Governance	50
Corporate Governance	51
Our Progress Towards Sustainability	87
Risk Management	90
Audit Committee Report	98
Remuneration Committee Report	100
Report of the Related Party Transactions Review Committee	101
Nominations and Governance Committee Report	103
Report of the Directors	104
Senior Independent Director's Statement	108
Directors' Statement on Internal Controls	109
Directors' Responsibilities for Financial Reporting	110
FINANCIAL REPORTS	
Independent Auditor's Report	112
Statement of Profit or Loss and Other Comprehensive Income	116
Statement of Financial Position	117
Statement of Changes in Equity	118
Statement of Cash Flows	119
Notes to the Financial Statements	120
Investors' Information	172
Decade at a Glance (Company and investee)	174
Statement of Value Addition	175
Glossary of Financial Terms	176
Notice of Meeting	177
Notes	178
Form of Proxy	179

PURPOSE PERFORMANCE POWER

At Kelani Cables PLC, to provide the best electrical solutions is our goal – and in realising that goal, we stand steadfast on three principles.

Our purpose is to uphold the world-class quality of our products and services, so that every customer who places their trust in us, is rewarded with the best service that money can buy.

Our performance in an ever-evolving market is the ultimate measure of our success. With the confidence of our customers held close to our hearts, and with the determination of our employees to deliver exceptional results, we emerge a consistent force to be reckoned with, and remain a household name in electrical solutions.

Our power, with our purpose set and our performance at an all-time high, is in our processes. Complete with strong corporate principles that govern our operations, and with fortified relationships with our vendors, we engage in business with best practices driving every action. Our leaders, invigorated by our power, propel us forward with every decision made to further our stronghold within the industry.

With our purpose, performance and power firmly established at our core, we reflect on the year under review as one that furthered our presence in the industry, and look to the future with the determination to seize opportunities to soar above and beyond.

ABOUT US



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 organisation to harness creativity and innovation to be competitive.



CORE VALUES

- Respect • Integrity
- Quality • Family • Learning

KELANI CABLES PLC – POWERING THE NATION

Kelani Cables PLC is one of Sri Lanka's premier manufacturers of a dynamic range of products comprising electric cables, enamelled winding wires and distribution of electrical products and accessories. With its inception dating back to 1969 as a manufacturer and distributor of power and telecommunication cables and enamelled winding wires, the Company has been a key catalyst in the country's economic growth over the last 56 years. The humble beginnings marked by a team of just 12, has expanded today to a workforce of over 500 employees.

Founded by the Wijegoonawardena family, the Company underwent some significant changes in ownership structure, which paved the way for Kelani Cables to attain the stature and strength it enjoys today. Kelani Cables became a public quoted company in 1974 by being listed in the Colombo Stock Exchange. In 1994, the Company became a subsidiary of the Australian multinational Pacific Dunlop Cables Group. In late 1999, its major shareholding was acquired by ACL Cables PLC, which is another prominent cable manufacturing company in Sri Lanka. The alliance proved fruitful, which afforded the Company growth and expansion opportunities, access to new knowledge and international best practices in operations, which fuelled its growth.

Driven by the vision of becoming the nation's leading electrical solutions provider, Kelani Cables today serves the nation and its economy in multiple ways with the pride of being "made in Sri Lanka".

FINANCIAL HIGHLIGHTS - COMPANY & INVESTEE

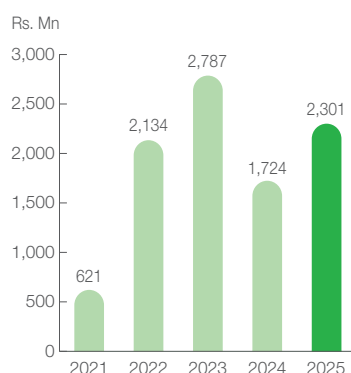
For the year ended 31 March,

		2025	2024
Revenue	Rs. Mn	17,658	13,997
Gross profit	Rs. Mn	4,135	3,249
Profit before tax	Rs. Mn	3,236	2,429
Profit after tax	Rs. Mn	2,301	1,724
Net Assets	Rs. Mn	13,245	11,172
Net Assets per share	Rs.	607.55	512.49
Earnings per share (EPS)	Rs.	105.57	79.08
Return on average equity (ROE)	%	18.9%	16.8%
Market price per share (at the end)	Rs.	519.50	280.00

REVENUE



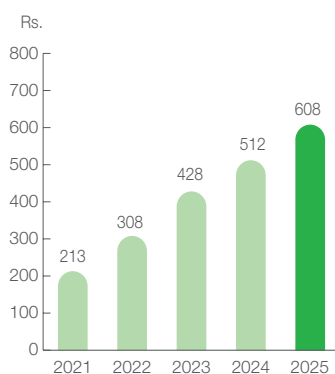
PROFIT AFTER TAX



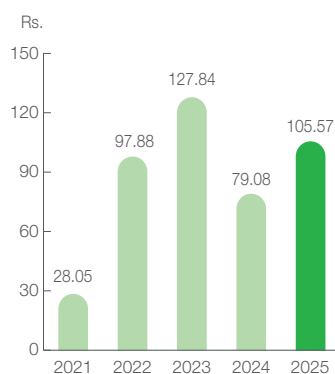
PROFIT BEFORE TAX



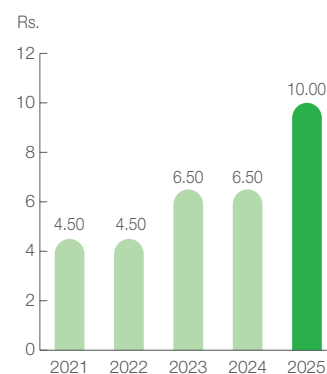
NET ASSETS PER SHARE



EARNINGS PER SHARE (EPS)



DIVIDEND PER SHARE



SYSTEM AND PRODUCT CERTIFICATIONS AND AWARDS

A consistent journey of growth and excellence

1980

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

1986

- SLS 750 Product Certification for All Aluminium Conductors

1994

- SLS 412 Product Certification for Auto Cables

2000

- ISO 9001 Quality Management System Certification

2004

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

2005

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

2006

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

2007

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

2008

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

2010

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

2011

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

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

- SLIM Brand Excellence Awards - B2B Brand of the year Silver Award
- SLIM Brand Excellence Awards - CSR Brand of the year Silver Award

2019

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

2020

- SLIM Brand Excellence Awards - B2B Brand of the year Silver Award
- SLIM Brand Excellence Awards – Restart Sri Lanka Resilience Award winner

2022

- Special Award by Sri Lanka Standards Institution in recognition of winning the World Class Global performance Award for the second time.

CHAIRMAN'S REVIEW



The Sri Lankan construction industry is expected to experience growth in 2025 in line with the Government's focus on infrastructure development, revival of the tourism sector and its commitment to attracting foreign investment.

Dear Stakeholder,

Kelani Cables PLC performed exceptionally well this financial year and it is with much pride that I present this annual report in our 56th year of business. Multiple setbacks over the years including a pandemic and deterioration in the political and economic climate led to a slowdown in several sectors including construction, creating a very volatile environment for the Company. Intervention by the International Monetary Fund, together with the implementation of macroeconomic measures and a new political administration, resulted in a gradual upturn. Despite a long road ahead, 2024 did see positive change and growth which augured well for the economic climate and our Company. It needs to be said that our performance in the midst of

such an environment would not have been possible without the commitment of our employees and stakeholders who have supported Kelani Cables PLC through all the challenges that have come its way. We will continue to work towards upholding our values, bettering our approach and retaining our position as a leading Company in the industrial cable industry in Sri Lanka.

ECONOMIC OUTLOOK

We are seeing the emergence of China, India, Vietnam and Indonesia as key players in the regional economy and global value chains with China leading Asia's growth story. As the second largest global economy, it continues to redefine global industries in the fields of electric vehicles, renewable energy and the digital economy.

Increased geopolitical volatility in the form of cross border conflict and rising political tension posed many challenges for businesses, industries and policymakers. The US Presidential election in November 2024 had an immediate impact on the global economy with future predictions of rising inflation, a possible global recession and disruptions to international trade. New tariff structures and retaliatory measures are expected to disrupt smaller and open economies although Asian giants and the BRICS bloc may see new opportunities for new trade frameworks and supply chains, yet to be seen.

Sri Lanka experienced a satisfactory recovery in 2024 with a reported 5.0% growth. The ADB forecasted a slower 3.9% growth in 2025 stemming from

manufacturing, construction and tourism which may decline to 3.4% in 2026 due to structural challenges, subdued domestic demand and weaker household consumption. Sri Lanka's economic outlook will very likely depend on sustained fiscal and structural reforms, long-term debt sustainability and public reinvestment. The recent imposition of reciprocal tariffs by the United States marks a significant moment in global trade relations. Sri Lanka, which now faces a 20% reciprocal tariff is among the highest-impacted countries in the region. The apparel industry, which comprises a substantial portion of Sri Lanka's exports to the US, is particularly vulnerable.

CONSTRUCTION INDUSTRY

The Sri Lankan construction industry is expected to experience growth in 2025 in line with the Government's focus on infrastructure development, revival of the tourism sector and its commitment to attracting foreign investment. The rebound in the tourism industry is expected to create demand for new hotels, resorts, and leisure facilities while public and private sector investments in transport infrastructure and energy projects as well as the Government's 'Clean Sri Lanka Program' is expected to be a boost to the construction industry. Having said this, we remain mindful of the constraints that will need to be navigated. Specific macroeconomic factors such as sustained inflation especially in food prices could affect affordability of construction materials and project costs while labour shortages continue to remain a negative. Although the New Orders index expanded in March, many of the available construction projects are small-scale developments. Meanwhile, the Quantity of Purchases index increased during the month, in line with the expansion in construction activities.

FINANCIAL PERFORMANCE

Kelani Cables performed exceptionally well with its results showing successful navigation through macroeconomic challenges. Revenue grew double digits by 26% to Rs 17.6Bn from Rs.13.9Bn in the previous financial year, the highest

achieved to date. Bulk of the income stream was via our dealers and distributors together with a growth from the retail, SME and institutional segments which buffered the topline. Revenue from export markets constituted a substantial 16% of total revenue.

Satisfactory gross profit margins and efficient cost measurements to absorb the Company's overhead expenditure translated into sound operational efficiency and operating profits of Rs.2.8Bn from Rs.2.1Bn previously. The Company opted to take advantage of the favourable interest rate regime and channelled its cashflows into Unit Trust investments. A net finance income as a result, led to a post-tax bottomline of Rs.2.3Bn from Rs.1.7Bn respectively.

Supported by a well-capitalised balance sheet, strong cashflows, and net worth of Rs.13.2Bn, Kelani Cables PLC witnessed a rise in its Earnings per Share (EPS) to Rs.105.57 from Rs.79.08 in the previous financial year indicating financial stability as construction and infrastructure demand recovers, along with a strong commitment to its shareholders.

KEY ACHIEVEMENT

Kelani Cables PLC was awarded the prestigious Authorised Economic Operator (AEO) Tier I status by Sri Lanka Customs, an indication of the Company's operational compliance. Our customers and suppliers will benefit from streamlined customs processes, reduced inspections, and expedited clearance procedures, all of which contribute to enhanced efficiency in international trade.

APPRECIATION

On reflection, Kelani Cables PLC has been able to withstand numerous challenges that have come its way. Time and again, the team behind our growth and success have been nothing short of exceptional in the way that every individual, at every level of the organisation, have come together to achieve successful financial years. We have grown through a global pandemic that required stringent measures and a

remote working environment, as well as a nationwide political and economic crisis that had a significant impact on every household and industry. We have had to adjust our mode of operation repeatedly to adjust to different situations. Our focus on innovation remains one of our key strengths and we will continue to engage in product development to expand and improve our range while strengthening our market position.

I would like to extend my appreciation to Dr. Anil Munasinghe, on completion of his first successful year as Chief Executive Officer and to Mr. Mahinda Saranapala, his predecessor, who resigned from the Company on 30 April 2024. Adding value to our Board of Directors is Mr. Yudhishtiran Kanagasabai, our new Independent Director whom we warmly welcome to the Kelani Cables family. In line with CSE regulations, Mr. Ajith Jayaratne, Independent Non-Executive director of our parent company ACL Cables PLC, relinquished his role as Chairman and member of the Audit Committee. We also saw the departure of Director Dr. Bandula Perera during the financial year. I would like to extend my recognition and appreciation for their invaluable contribution and dedicated service during their tenure.

To the Management and team of employees for their invaluable contribution during the year under review and our stakeholders, especially our customers who continue to believe in the growth of Kelani Cables PLC, 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

27 August 2025

REPORT OF THE CHIEF EXECUTIVE OFFICER



“Our values as an organisation remain steadfast reflecting into strong performances and an established market presence over the years as emphasised by our theme ‘Purpose. Performance. Power’.

Dear Stakeholder,

This financial year marks a significant milestone for Kelani Cables PLC. The Company performed exceptionally well amidst the rapidly evolving business landscape in Sri Lanka and our export markets, a combination of strategic resilience and market development. In the process of recovering from the shock of the global pandemic and economic instability, Kelani Cables PLC has evolved into a more agile, digitally enabled, and

purpose-driven organisation that has made remarkable progress over the years. Our values as an organisation remain steadfast reflecting into strong performances and an established market presence over the years as emphasised by our theme ‘Purpose. Performance. Power.’ Building upon a legacy of over 56 years of excellence, it is with much pride and a strong sense of integrity that I present to you, our annual report for the financial year 2024/25, as the Chief Executive Officer of Kelani Cables PLC.

CONSTRUCTION INDUSTRY OUTLOOK

The Sri Lankan construction industry showed signs of recovery in early 2024, as reflected by the Sri Lanka Purchasing Managers' Index for Construction, which rose to 52.9 in January 2024, an indication of continued expansion and an increase in construction work. Stabilising input prices, favourable weather, and progress in ongoing projects contributed towards improved industry activity. New orders were driven by foreign-funded and

private-sector projects while purchase of raw materials also rose, reflecting greater operational momentum. Though employment in the sector remained subdued, it contracted at a slower pace. The first six months of 2024 from January to June saw a 16% YoY growth in gross fixed capital formation to LKR1.5 Tn (\$4 Bn) from LKR1.3 Tn (\$3.4 Bn) in January-June 2023. This trend continued into the second half of 2024 with the sector PMI closing at 51.4 as at end December 2024 although delayed payments, suspended projects, and the impact of economic conditions remained significant challenges.

SRI LANKAN ECONOMY

Driven by strong performances in industry and services, particularly in construction and tourism, Sri Lanka's economy made a remarkable recovery in 2024, recording a 5% growth, compared to the projected 4.4%, as per the World Bank. This is after an almost 2-year contraction in the economy. The Sri Lankan construction industry experienced a significant rebound in 2024, expanding by 7.3% after a 21.8% decline in 2023. This recovery was fuelled by increased investment, improved external demand and growth in gross fixed capital formation.

Growth was also seen in the industrial output and agricultural sectors while stabilisation of the USD against the Rupee and an improvement in tourism also contributed. Having said this, the economy continued to face challenges relating to a high poverty rate of 24.5%, labour market struggles, and high public debt which continues to be a vulnerability. Overall, the economy demonstrated resilience but faced a bit of turbulence.

EXCEPTIONAL FINANCIAL PERFORMANCE

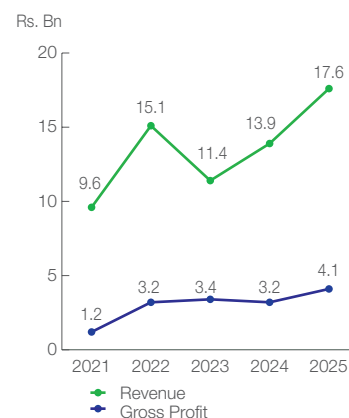
The Company experienced a record-breaking financial year reporting a 26% growth in top line to Rs.17.6 Bn from Rs. 13.9Bn previously, this being the highest turnover in the Company's history.

Our strategic focus was on strengthening our dealer and distribution network, with bulk of our revenue stream stemming from this segment. This was facilitated by the market penetration offered which pushed up sales volumes. Also the institutional market has grown significantly and the Company was able to capture and secure its market position. The Company did witness a strong rebound in the retail and SME segments. Revenue from export markets continued to provide a buffer for our local revenue streams, contributing 16% to total revenue. Our key raw material copper did not experience significant cost volatility which translated into satisfactory gross profit margins while the Company reported a 30% rise in operating profits to Rs. 2.8Bn from Rs.2.1Bn previously.

The drop in additional income is evident due to a substantial exchange gain recorded in the previous financial year that arose from the sale of a Company investment in Maldives. A net finance income position, a result of the Company's decision to invest in Unit Trust, proved favourable with a pretax profit of Rs.3.2Bn versus Rs.2.4Bn and a post-tax bottom line of Rs.2.3 Bn versus Rs.1.7Bn in the previous financial year. Furthermore, earnings per share (EPS) rose to Rs.105.57 from Rs.79.08 signifying strong returns to our shareholders and underscoring our consistent value delivery.

The Company's balance sheet remained strong and well capitalised with an overall asset base of Rs.16.6Bn versus Rs.14.1Bn and a net worth of Rs.13.2Bn versus Rs.11.1Bn in the previous year. The latter stemmed from a growth in the Company's retained earnings, an indication that its core business remains strong with positive future potential.

REVENUE VS GROSS PROFIT



EMPOWERING OUR PEOPLE AND STRENGTHENING OUR CULTURE

The strength of Kelani Cables depends on its people. We prioritised employee welfare and skills development through structured training programs, leadership mentoring, and inclusive workplace practices. We continued to provide performance-linked incentives, improved upon our health and safety measures, while fostering a culture of innovation and accountability to ensure stable employment. Our emphasis on continuous improvement created and continues to create a strong internal talent pool to support our future growth. What differentiates us is the contribution our employees make, their perseverance and unity.

COMMITMENT TO SUSTAINABILITY AND SOCIAL RESPONSIBILITY

We recognise that our long-term success is rooted in responsible and sustainable business practices. This year, we strengthened our commitment to sustainability by focusing on energy-efficient production and waste reduction. Our Environmental, Social and Governance (ESG) framework continues to guide our decision making and engagement with our communities.

Our award-winning CSR initiatives Kelani Saviya and Kelani Shakthi that commenced in 2007 and 2013 respectively and

REPORT OF THE CHIEF EXECUTIVE OFFICER

continued to uplift the skill level of youth across the island, particularly in under-represented regions in the North and East. These projects, in collaboration with the Engineering Faculty of the University of Peradeniya and the University of Jaffna, have produced over 450 electrical technicians under Kelani Saviya and over 100 under Kelani Shakthi. This has made a meaningful contribution towards the local economy by empowering professionals in the sector.

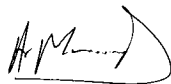
LOOKING AHEAD

As we look to the future, we remain optimistic and yet cautious. The demand for high-quality electrical infrastructure solutions will continue to rise, driven by urbanisation, renewable energy initiatives, and digital connectivity. Kelani Cables is well-positioned to meet those demands through innovation and capacity expansion and will tender for suitable projects accordingly. Our investment in ATL and BTL advertising will continue so as to create greater brand awareness and familiarity of our products as well as foster stronger relationships with existing and potential customers.

ACKNOWLEDGEMENT

This financial year has been exceptional and undoubtedly a collaborative effort. Kelani Cables PLC has become a centre of excellence that continues to grow and strengthen in terms of performance, innovation and progress. This has become an eventuality due to the seamless functioning of a large team of individuals. My appreciation and gratitude extends to our customers for their loyalty, our business partners for their continued trust and support, our Chairman, Deputy Chairman, and the Board of Directors for their wisdom and guidance, our dedicated team of employees for their steadfast commitment and passion.

Having dedicated 20 years to the Company, I am highly confident in my ability to lead this organisation to even greater success as your new CEO. I want to express my deep gratitude to Mr. Mahinda Saranapala, the former Managing Director of Kelani Cables PLC, for his invaluable contribution.



Dr. Anil Munasinghe
Chief Executive Officer

27 August 2025

BOARD OF DIRECTORS



MR. UPALI MADANAYAKE

Chairman



MR. SUREN MADANAYAKE

Deputy Chairman



MRS. N. C. MADANAYAKE

Director – Non-Executive



MR. DEEPAL SOORIYAARACHCHI

Director – Independent / Non-Executive



MR. YUDHISHTRAN KANAGASABAI

Director – Independent / Non-Executive

BOARD OF DIRECTORS

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.

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., and Cable Solutions PLC.

He has over 50 years experience in the cable Industry.

MR. SUREN MADANAYAKE

Deputy Chairman/Executive Director

Mr. Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA. He was appointed to the Board of ACL 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 (Pvt) 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, and Cable Solutions 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 CT Land Development PLC.

He also serves as Trustee of CCC Foundation of Sri Lanka. He captained the Royal College 1st XV Rugby team in 1987.

Membership of Board subcommittees

Mr. Suren Madanayake was appointed as a member of the Related Party Transactions Review Committee with effect from 26th June 2024.

MRS. N. C. MADANAYAKE

Director – Non-Executive

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.

MR. DEEPAL SOORIYAARACHCHI

Director – Independent/Non-Executive

Mr. Deepal Sooriyaarachchi was appointed to the Board of Kelani Cables PLC in December 2019. 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 Director of AIA Insurance Lanka, Siyapatha Finance PLC, Singer Sri Lanka PLC and Prime Lands Residencies PLC. and Panasian Power 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.

Mr. Sooriyaarachchi was appointed as the Senior Independent Director with effect from 29th November 2023 to the Board of Kelani Cables PLC.

MR. YUDHISHTRAN KANAGASABAI

Director – Independent/Non-Executive

Mr. Yudhishtan Kanagasabai is currently the Independent Non-Executive Chairman of Asia Capital PLC, Asia Leisure Holdings (Pvt) Ltd and Wadduwa Resorts (Pvt) Ltd. He is also the Chairman of the Board Audit Committees, and an Independent Non – Executive Director of Eswaran Brothers Exports (Private) Limited, Abans Finance PLC, and MainGate (Private) Limited. He also is an Independent Non-Executive Director of Cargills Bank PLC, Arpico Insurance PLC and Kelani Cables PLC.

Mr. Kanagasabai was the Chairman of South Asia Textiles Limited from January 2021 to 31st May 2021, Chairman of Dankotuwa Porcelain PLC from August 2021 until 31st October 2023, Chairman of the Audit Committee of Union Bank PLC from August 2016 to 31 December 2018, and a Commissioner of the Insurance Regulatory Commission of Sri Lanka from May 2018 to November 2018 and from December 2018 to November 2019. He was also a Non-Executive Director of Hunter and Company PLC and Lanka Canneries Limited from 2017 up to 31st March 2022, and a Director of both Cargills Ceylon PLC and Cargills Food Company Limited from 2016 until 31st July 2023. Mr. Kanagasabai is retired from Ceylon Tobacco Company PLC as an Independent Non-Executive Director after having completed his term of six years on 31st January 2024. Mr Kanagasabai also retired from the Boards of Ambeon Capital PLC and its subsidiaries with effect from 29th May 2024.

Mr. Kanagasabai is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. Counts over 35 years of experience at PricewaterhouseCoopers, Sri Lanka, and the Maldives, and Singapore, before he retired as the Senior Partner of PricewaterhouseCoopers Sri Lanka and the Maldives on 31st March 2017.

SENIOR AND MIDDLE MANAGEMENT TEAM



DR. ANIL MUNASINGHE

Chief Executive Officer



MRS. HEMAMALA KARUNASEKARA

Chief Financial Officer



MR. UPUL MAHANAMA

Chief Operations Officer



MR. DEVINDA LORENSUHEWA

Deputy General Manager - Marketing



MR. SAJEEWA DE ZOYSA

Deputy General Manager - Procurement



MR. RALPH RAJASUNDARAM

Deputy General Manager - Sales



MR. ABHAYA RANAWAKA

Deputy General Manager - Engineering



MR. NAMALKE EKANAYAKE

Plant Manager - Plant 3



MISS. SHYAMA PERERA

Manager Technical Operations



MR. KUMARA WITHANARACHCHI

Manager Information Technology



MR. DINUKA CHANDRAKEERTHI

Plant Manager - Plant 1



MR. CHAMINDA WAIDYATHILLAKE

National Sales Manager - Re-distribution



MR. SAMEERA JAYASEKARA

Group Human Resources Manager



MR. PRADEEP ABEYRATNE

Manager Accounts



MR. NARMAL DE ZYLVA

Manager Stores



MR. SAGARA BALASURIYA

Manager Transport



MR. ROHANA WADDUWAGE

Sales Manager - Power & Energy Sector



MR. JALIYA RANAWEERA

Production Manager - Plant 3

SENIOR AND MIDDLE MANAGEMENT TEAM



MR. CHINTHAKA FERNANDO

Quality Assurance Manager



DR. SURANGA PATHIRANA

Head of Sales - Institutional



MR. PRADEEP ROSHANTHA

Production Manager - Plant 2



MR. NISHAD HETTIARACHCHI

Stores Manager



MR. WASANTHA SIRIWARDHANA

Manager Process Control



MR. SANJAYA DALUWATTA

Field Sales Manager



MR. ROSHAN DE SILVA

Sales Manager - Institutional Sales



MR. JOHN FERNANDO

Sales Manager - Exports



MR. DHAMMIKA RANATHILAKA

Accountant



MR. DILSHAN DAMITHA

Manager Supplies

OPERATING ENVIRONMENT AND RESILIENT PERFORMANCE

CONSTRUCTION INDUSTRY REVIEW

Sri Lanka's construction industry faced significant challenges during the 2021–2022 period, largely driven by surging raw material prices, import restrictions, widespread unemployment linked to the COVID-19 pandemic and the broader economic crisis that persisted from 2020 to 2022.

However, by 2024, the industry began to show signs of recovery, supported by favourable movements in key economic indicators such as interest rates, exchange rates and inflation. Despite this positive momentum, the sector continues to face headwinds, most notably the burden of higher taxes arising from the Government's fiscal policy, which poses ongoing challenges for sustainable growth.

GLOBAL ECONOMIC REVIEW



The global economy displayed a stable trajectory in the first half of 2024, gaining momentum amid moderate inflation levels. However, elevated interest rates and ongoing geopolitical tensions continue to pose challenges to sustained growth.

According to the World Economic Outlook (WEO), July 2024, global GDP was projected to grow by 3.2% in 2024 and 3.3% in 2025, driven primarily by a rebound in economic activity across emerging market economies, particularly in private consumption. Despite these positive trends, downside risks persist. Slower progress in disinflation and increased fiscal pressures from widespread election-related spending may prompt central banks to maintain a hawkish monetary stance for an extended period.

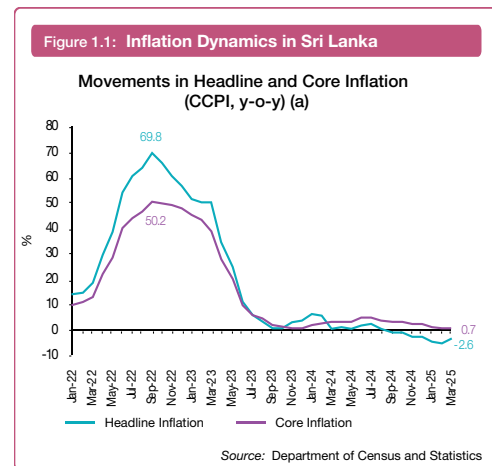
Source (Financial Stability Review, CBSL, 2024)

SRI LANKAN ECONOMIC PERFORMANCE

Following the consecutive black swan events of COVID-19 pandemic and a severe economic crisis, Sri Lanka entered a phase of gradual recovery over 2024/25. By 2024, key economic

indicators, including GDP growth, inflation, interest rates and the exchange rate, stabilised and began trending positively, helping restore confidence among investors and the business community.

INFLATION



The deflationary trend observed towards the end of 2024 extended into the first quarter of 2025, primarily driven by a decline in non-food inflation. Key contributing factors included significant downward revisions to electricity tariffs in July 2024, frequent reductions in fuel and LP gas prices, and a cut in water tariffs in August 2024. These adjustments collectively exerted downward pressure on the overall price level.

However, this deflationary phase is expected to be temporary. Headline inflation is projected to turn positive by mid-2025, as base effects taper off and domestic demand gradually recovers in line with broader economic stabilisation.

ECONOMIC GROWTH

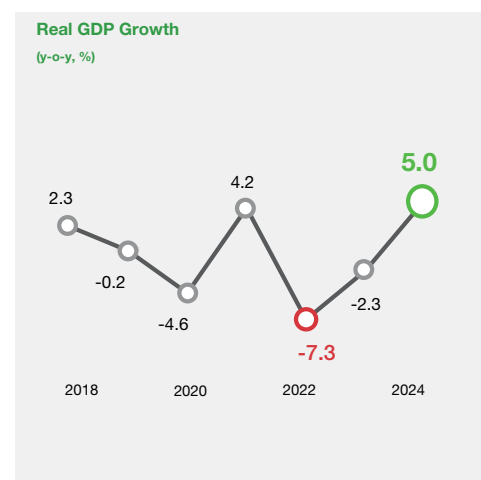
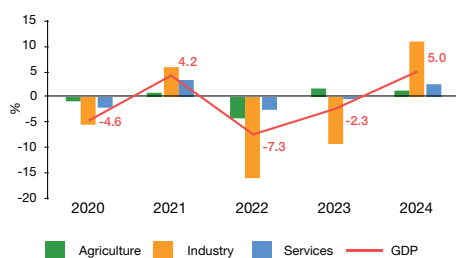


Figure 1.8: Annual Real GDP Growth Rates (a)



(a) Based on the GDP estimates (base year 2015)

The Sri Lankan economy rebounded strongly in 2024, recording real GDP growth of 5.0% after two consecutive years of contraction. Notably, all four quarters posted positive growth—marking the first time since 2017 that the economy maintained consistent quarterly expansion throughout the year.

This recovery was primarily driven by a resurgence in industrial activity, particularly in the manufacturing and construction sectors, while the services sector also made a significant contribution to overall growth.

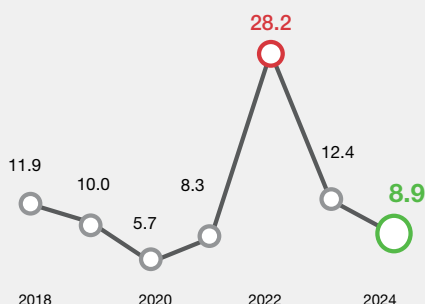
(Source: Macro Economic Review CBSL,2024)

INTEREST RATES

Market interest rates continued to decline in 2024, reflecting the impact of expansionary monetary policy measures initiated in 2023. Since the onset of this easing cycle, policy rates have been reduced by a cumulative 775 basis points, with approximately 125 basis points of the reduction occurring in 2024.

Beyond monetary easing, several other factors contributed to the downward trajectory in interest rates. These include subdued inflation, moderate inflation expectations and a decline in risk premia, largely due to progress made in finalising the country's debt restructuring process. Together, these developments created a favourable environment for lower borrowing costs and improved credit conditions.

Interest Rate
(end year, AWPR, %)



(Source: Annual Economic Review 2024,CBSL)

EXCHANGE RATE

Exchange Rate
(end year, Rs. USD)



The Sri Lankan Rupee appreciated in 2024, marking the second consecutive year of strengthening. This upward trend was supported by a current account surplus and a steady net inflow of foreign currency, which enhanced liquidity in the domestic foreign exchange market.

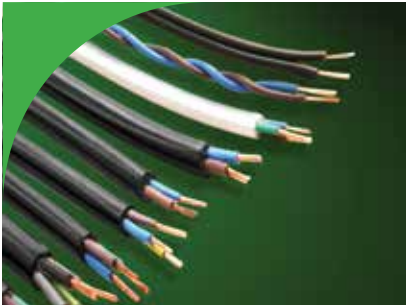
However, despite the overall appreciation, the Rupee experienced intermittent volatility during certain periods of the year, reflecting short-term market dynamics and external uncertainties.

(Source: Annual Economic Review 2024,CBSL)

PRODUCT PORTFOLIO



HOUSE & BUILDING WIRES



FLEXIBLE CORDS



ARMOURED AND UNARMOURED
POWER CABLES



4 CORE WITH REDUCED NEUTRAL



CONTROL CABLES



WELDING CABLES



BARE CONDUCTORS



AERIAL BUNDLED CABLES (ABC)



AUTO CABLES



COAXIAL CABLES



TELEPHONE CABLES



ENAMELLED WINDING WIRES



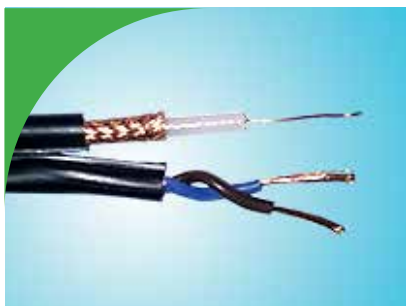
LEAD FREE SUBMERSIBLE PUMP CABLES



SCREENED CABLES



IRON CABLES



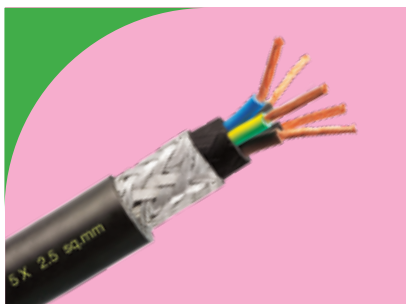
CCTV CAMERA CABLES



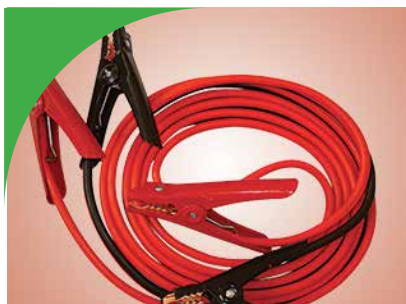
SPEAKER CABLES



ROSETTE TELEPHONE CABLES



SUPER FLEX ARMOUR



JUMPER/BOOSTER CABLE



TRAILER CABLE



CABLES TO AUSTRALIAN /
NEW ZEALAND MARKETS



CABLES TO BANGLADESH MARKET



HAVELLS CAT 6 CABLES

PRODUCT PORTFOLIO



3C-2V JELLY FILLED CABLES



SOLAR CABLES



SCHNEIDER SWITCHGEAR



SCHNEIDER SWITCHES RANGE



LIGHTING SOLUTIONS



BREEZER CEILING FANS



INSULATION TAPES



EARTH ROD



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL CAPITAL



KEY STAKEHOLDERS AFFECTED



Shareholders
Employees
Suppliers
Customers
Government
Community

FINANCIAL POSITION

Total Assets

Notwithstanding the challenges in the operating environment, Kelani Cables PLC's (the Company & Investee) total assets increased to Rs. 16.6 Bn at the end of the financial year, from Rs. 14.1 Bn from the prior financial year (2023/24). This leads to a notable growth of 18% compared to last year. The Company and Investee's current assets increased to Rs. 14.2 Bn from Rs. 11.7 Bn of the prior year, a YoY growth of 21.1%, primarily due to new investments in financial assets measured at fair value through profit or loss (FVTPL) and increase in Trade and Other receivables. Total current assets represented 85.8%, within total assets.

Capital Structure

The Company and Investee remained to be predominantly funded by equity capital, demonstrating the strength and the resilience of the Company and Investee balance sheet. Total equity as at the end of the financial year stood at Rs. 13.2 Bn, a YoY increase of 18.5% from the prior year's equity capital position of Rs. 11.1 Bn. Interest bearing borrowings declined to Rs. 0.037 Bn in 2024/25 from Rs. 0.083 Bn in 2023/24.

Liquidity

The Company and Investee liquidity position remained strong as total current assets stood at Rs. 14.2 Bn compared to Rs. 11.7 Bn of the prior year. Current asset ratio increased to 4.9 times in 2024/25 from 4.7 in 2023/24 reflecting the Company's and investee's strong and adequate liquidity position to meet the current liabilities. The Quick ratio increased to 3.6 times in 2024/25 from 3.4 times in 2023/24.



Total assets

Rs. 16.6 Bn



Net assets per share

Rs. 607.55



Assets turnover

1.1

	2025	2024
Current Ratio	4.9	4.7
Quick Ratio	3.6	3.4

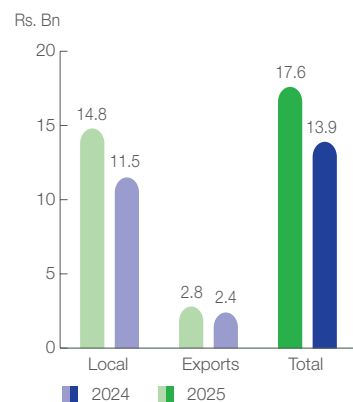
FINANCIAL CAPITAL

FINANCIAL PERFORMANCE

Revenue

The Company and Investee reported the highest ever revenue in its history during the financial year under review, at Rs. 17.6 Bn, a 26% growth over the prior year. Both local and export revenue reported a notable growth of 28% and 17% during the year, supporting such overall increase in revenue.

REVENUE COMPARISON



Administration and Distribution Expenses

Administration expenses for the year was Rs. 0.48 Bn, which was a YoY reduction of 2%, whilst Distribution expenses was Rs. 0.83 Bn, reflecting YoY increase of 28%.

Taxation

The Company and Investee tax expense for the year was Rs. 0.93 Bn. This is a 32% increase YoY. The Company is subject to the standard corporate income tax rate of 30%.

Gross Profit Margin

During the financial year 2024/25 the Company and Investee reported a Gross Profit of Rs. 4.1 Bn as compared to a Gross Profit of Rs. 3.2 Bn in 2023/24. In 2024/25, Gross profit margin recorded as 23%.The company was able to maintain same level of Gross profit margin in line with previous year. (2023/24-23%)

Earnings per share (EPS)

The Company and Investee reported an EPS of Rs.105.57 in 2024/25, compared to Rs.79.08 in 2023/24.This is a 34% increase YoY. Increase revenue in 2024/25 contributed to this EPS growth.

Return on Equity

	2024/25	2023/24
Return on average equity (%)	18.9	16.8
Net asset per share (Rs.)	607.55	512.49



Pre-tax profitability

Rs. 3.2 Bn



Earnings per share

Rs. 105.57



MANAGEMENT DISCUSSION AND ANALYSIS

INTELLECTUAL CAPITAL



Capital Synopsis

HOW INTELLECTUAL CAPITAL LINKS TO OUR STRATEGY

Our intellectual capital is a cornerstone of our competitive advantage and a pivotal driver of our growth journey. This invaluable asset encompasses the tacit knowledge of our employees, refined processes and proprietary methodologies.

Our ongoing commitment to nurturing intellectual capital enables us to stay attuned to evolving customer preferences and market dynamics. By fostering an environment that promotes continuous learning and knowledge sharing, we empower our team to develop innovative solutions that meet the needs of our customers. This proactive approach not only drives product and service excellence but also strengthens the trust and confidence of our key stakeholders.

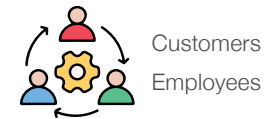
By leveraging our intellectual capital, Kelani Cables PLC is well-positioned to navigate challenges, seize opportunities and maintain a leadership position in the industry.

NOTABLE AWARDS WON BY KELANI CABLES

Over the many years of exceptional service to the nation and its people, Kelani Cables PLC has dedicated itself to achieving performance excellence. This unwavering commitment has resulted in the Company receiving numerous prestigious awards in recognition of its superior quality and operational excellence. These accolades reflect our relentless pursuit of innovation, efficiency and industry leadership, underscoring our reputation as a benchmark of excellence in the cable manufacturing sector.



KEY STAKEHOLDERS AFFECTED



OUR INTELLECTUAL CAPITAL UNIVERSE



INTELLECTUAL CAPITAL



NATIONAL QUALITY AWARDS - 2006 AND 2016

- Global Performance Excellence Award (GPEA) in 2017 and 2019 - The Company is also permitted to use GPEA world class award logo
- Special recognition award from Sri Lanka Standards Institution 2017 and 2022

BUSINESS & BRAND STRENGTH -

A Strategic Growth Story Rooted in Brand Excellence

Over the past 56 years, Kelani Cables PLC has meticulously nurtured its brand into one of the most recognised and valuable names in Sri Lanka. This enduring success is a testament to our strategic vision and commitment to quality. Our brand, Kelani Cables PLC, stands as a symbol of reliability, innovation and excellence within the Sri Lankan electrical cable market.

Our journey of brand growth has been intricately linked to the strategic diversification of our product portfolio. By expanding into related areas and continually innovating, we have successfully met the evolving needs of our customers whilst reinforcing our brand's market position. This strategic product diversification has played a crucial role in propelling our growth, allowing us to capture new market segments and enhance our value proposition.

The brand-building efforts at Kelani Cables are seamlessly aligned with our overarching vision of becoming the nation's leading electrical solutions

provider. Our consistent focus on quality, customer satisfaction and operational excellence has strengthened our brand equity, driving both customer loyalty and market leadership. Through strategic marketing, customer engagement and continuous improvement, we ensure that the Kelani brand remains synonymous with top-tier electrical solutions in Sri Lanka.

DIGITAL TECHNOLOGY

We embrace the transformative potential of digital technology to enhance business performance through a dual-pronged approach: improving customer experience and optimising productive processes. Recognising the vast benefits of digitisation, the Company has made a strategic commitment to harness its potential.

We are focusing to deploy automated solutions to enhance, customer experience, optimising productive processes and drive operational excellence using Data Analytics, Automation, Internet of Things and Software Solutions.

The Company's ongoing efforts in digitisation are spearheaded by the OPEX (Operational Excellence) programme, guided by the Chief Executive Officer. This initiative focuses on achieving greater efficiency and cost optimisation through the strategic use of digital technologies.





Dedicated Teams:

- Manufacturing and Operational Excellence Teams: These teams focus on continuously improving existing manufacturing operations, facilities and process technologies to ensure superior performance and innovation..

Commitment to Quality:

- High-Quality Products and Solutions: Kelani Cables' dedication to manufacturing excellence, standardisation, data analytics and continuous improvement reflects its commitment to delivering high-quality products and solutions to customers.

CUSTOMER-CENTRIC INNOVATION

At Kelani Cables PLC, our commitment to meeting customer requirements is ingrained in our core business philosophy. We prioritise understanding and addressing their needs, ensuring our solutions consistently meet high standards of quality, environmental responsibility and safety, thereby promoting sustainability.

Customer partnerships are pivotal to our approach, as we view these relationships as essential for long-term success. Through collaborative efforts, we engage closely with customers to innovate within our production processes, continuously gathering valuable insights and feedback to enhance our offerings.

Throughout the entire product lifecycle, from initial concept development to post-sales support, we maintain active engagement with customers. This ongoing dialogue, facilitated by regular communication and feedback loops, allows us to refine our products, address quality improvements, evaluate environmental impacts and ensure safety compliance.

Our commitment to effective customer requirement gathering is strengthened by our use of diverse methods such as surveys, interviews and focus groups. These approaches enable us to capture

Risk Management in Digitisation

As Kelani Cables advances its digitisation journey, it acknowledges and addresses related information systems and technological risks. The Company has planned mitigatory actions as part of its robust risk management process to ensure secure and resilient digital operations.

Through these strategic initiatives, Kelani Cables PLC plan to leverage digital technology to drive growth, enhance efficiency and maintain its leadership position in the industry.

MANUFACTURING AND OPERATIONAL EXCELLENCE

We have established ourselves as a leader in cable products and wiring solutions for over five decades. The Company's commitment to manufacturing excellence and continuous improvement is key to its success. Discussed below is how Kelani Cables PLC achieves operational excellence:

Leading Manufacturing Principles and Practices:

- Development and Sharing: The Company focuses on developing, using and sharing leading manufacturing principles, processes, tools and practices to ensure efficient and effective operations.
- Manufacturing Excellence Framework: This framework standardises and shares best practices across all units, establishing consistent standards, measures and indicators for evaluating unit performance.

Continuous Improvement:

- Identifying Improvement Areas: By classifying and prioritising time and material losses, Kelani Cables PLC identifies areas for improvement and optimises its manufacturing processes.
- Data Analytics: The use of data analytics enhances the Company's ability to report against standards and measures, facilitating benchmarking and the identification of best practices

INTELLECTUAL CAPITAL

and integrate comprehensive insights into our operational strategies and product development initiatives.

By integrating customer perspectives into the innovation of new products and services, we are able to meet and exceed their expectations while aligning with sustainability goals. This customer-centric approach enhances satisfaction and builds loyalty whilst playing a crucial role in driving our overall business success at Kelani Cables PLC.

ANALYTICS TO REDUCE WASTE AND REWORK

Quality is a cornerstone of Kelani Cables' brand identity, underpinning our longstanding premium position in the market. Our focus on reducing non- conforming products at our factories significantly enhances customer satisfaction and yields cost savings through reduced quality claims and rework.

Through the application of advanced analytics and process improvements, Kelani Cables has successfully minimised quality claims, achieving substantial cost savings. This commitment to quality control and continuous improvement is integral to our operations.

Beyond quality, optimising production processes plays a crucial role in our overall success. By reducing resource consumption and waste, we achieve environmental sustainability and live by our promise of delivering high-quality products to customers.

These initiatives demonstrate our dedication to delivering exceptional products while operating efficiently and sustainably. By consistently delivering high-quality products, minimising waste, and optimising production processes, Kelani Cables has re-affirmed its leadership in quality and sustainability, thereby enhancing customer satisfaction and loyalty.

PRODUCT & SYSTEM EXCELLENCE CERTIFICATIONS

Both Kelani Cables PLC's systems and products are certified by related national and international level certifications, which accentuates the Company's intellectual capital repository.

System Certifications	
Quality management	- ISO 9001:2015
Environmental management	- ISO 14001:2015
Workplace safety	Responsible Care
Product Certifications	
Enamelled wire	Underwriters Laboratories (UL) certified
Auto Cables	SLS 412
Building wires	SLS 733
Copper Armoured cables	SLS 1186
Flexible cords	SLS 1504-2-11
Insulation only cables	SLS 1504-2-31

Way forward

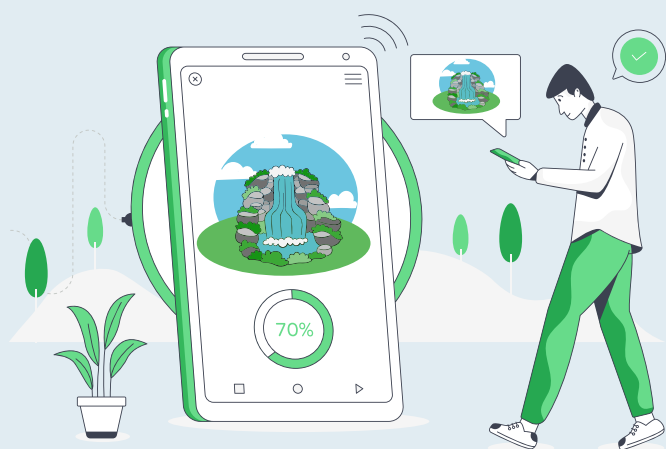
Moving forward, Kelani Cables PLC is strategically positioning itself to enhance its brand equity within a competitive and complex operating environment. Our brand-building strategy will pivot around enhancing the customer experience and fostering customer-centric solutions. Emphasising integrated solutions and digital transformation will be integral to this strategy.

Moreover, we are committed to bolstering our organisational knowledge base by cultivating a culture driven by data and innovation. This approach ensures that we maintain and advance our leadership in the industry, leveraging our intellectual capital to innovate and meet evolving market demands effectively.



MANAGEMENT DISCUSSION AND ANALYSIS

NATURAL CAPITAL



KEY STAKEHOLDERS AFFECTED



HIGHLIGHT OF THE YEAR



1104 kW

Clean energy generation capacity within factory premises

RESOURCE DEPENDENCE

- Natural resources such as metals and water are fundamental to our cable manufacturing processes.
- Sustainable management of these resources is essential to maintain uninterrupted production and meet market demand.

ENVIRONMENTAL RESPONSIBILITY

- Emphasising the importance of natural capital aligns with our commitment to environmental sustainability.
- We implement practices that reduce resource consumption, minimise waste and lower our ecological footprint.

REGULATORY COMPLIANCE

- Adhering to environmental regulations and standards is crucial for our operations.
- Responsible management of natural capital helps us comply with these regulations, avoiding legal and financial repercussions.

BRAND REPUTATION

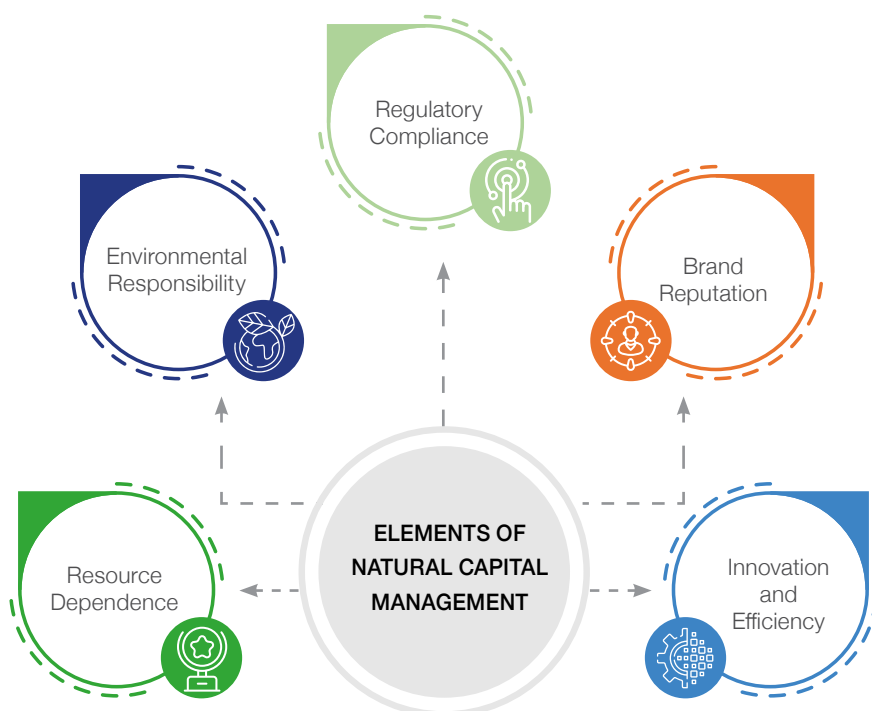
- Our dedication to preserving natural capital enhances our brand reputation as a socially responsible company.
- It strengthens stakeholder trust and loyalty, contributing to long-term business success.

Capital Synopsis

HOW NATURAL CAPITAL LINKS TO OUR STRATEGY

Natural capital plays a crucial role in the operations and sustainability strategy of Kelani Cables PLC. As a company in the manufacturing sector, we rely heavily on natural resources for our production processes. Recognising this dependency, we are committed to responsible stewardship of these resources to ensure long-term viability and environmental sustainability.

ELEMENTS OF NATURAL CAPITAL MANAGEMENT



NATURAL CAPITAL

INNOVATION AND EFFICIENCY

- Focusing on natural capital drives innovation in resource-efficient technologies and processes.
- This reduces operational costs and fosters a culture of continuous improvement and sustainability.

Continued initiatives at Kelani Cables PLC that fosters positive environmental impact

- ISO 14001 environmental management system certification since 2011 - ISO 14001 system together with resource efficient and cleaner production

techniques employed at our operations helps us operate with the least impact on natural resources and the environment

- Solar energy harvesting at Kelaniya and Siyambalape – These plants help the transition to renewable energy sources while managing our cost of energy
- Training programmes organised on energy and natural resources management for employees from all divisions – Builds capacity and educates employees on their contribution to energy conservation and optimal use of materials. As part of the EMS process,

aspects and impacts of each process and activity is analysed 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 performed and audited as per ISO 14001.
- Inclusion of identifying environmental risks pertaining to our business and planning mitigation actions in the Company risk management process.

KELANI CABLES PLC – COMPREHENSIVE ENVIRONMENTAL PRESERVATION AGENDA

Our environmental preservation agenda takes a multi-pronged approach covering a plethora of critical aspects.

Focus area	Initiatives
Resource responsibility	Clean air Kelani Cables PLC had adopted strict monitoring processes at both sites of Kelaniya and Siyambalape to measure these metrics, capture and report air quality performance, monitor compliance with licensed limits and identify opportunities for process improvements. This includes monitoring of, • Volatile Organic Carbon (VOC), Nitrogen oxide emissions (NOx) • Sulphur dioxide (SO2) and fine particles less than 10 microns (PM10) Water stewardship Our approach to water sustainability and minimising risk relating to water supply needed for our business operation are covered in water stewardship. We continually monitor water usage in manufacturing facilities and office premises by controlling water withdrawal at source and using recycled water whenever possible. Copper and Aluminium sustainability Over 70% of Kelani Cables PLC’s total product output by weight consists of either copper or aluminium. These two materials are among the few that can be recycled and reused without any loss in properties, thereby supporting a circular economy. To integrate this into our supply chain, we have launched a program encouraging our project market customers to direct their waste cable materials to recyclers. 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 maximise the conversion of raw materials into the final product by solving the root causes of any losses created.

Focus area	Initiatives
Objective driven environmental performance	Environmental monitoring, metrics and targets Our performance is guided by a comprehensive set of environmental metrics that apply to all processes and activities. These metrics are continuously monitored to assess our impact. Regular reviews are conducted and appropriate actions are taken to ensure compliance with environmental requirements and to enhance our environmental performance. Each division's environmental objectives are aligned with our corporate environmental policy and goals. These objectives are regularly reviewed by department heads and management to ensure they remain effective and relevant.
Waste management	We have implemented stringent processes to ensure sustainable waste management practices. Our approach includes the use of colour coded waste types to streamline waste sorting and disposal. Our manufacturing processes are optimised to minimise resource usage, reduce waste and repurpose or convert waste materials into valuable products. This not only supports a circular economy but also prevents waste materials from entering landfills, promoting the reuse of raw materials. We monitor material efficiency by measuring the percentage of total output converted into products and co-products, ensuring effective waste management. Additionally, we have adopted reusable steel drums instead of wooden drums, enhancing material reuse and reducing environmental impact. These practices underscore our commitment to sustainability and environmental responsibility.
Renewable energy and Energy efficiency	We are committed to integrating renewable energy solutions into our operations to promote sustainability and reduce our environmental footprint. We have taken significant steps to incorporate these technologies into our energy mix. Our initiatives include the installation of solar panels across our facilities, harnessing solar power for Net Plus. By investing in renewable energy, we not only reduce our reliance on fossil fuels but also demonstrate our commitment to environmental stewardship and corporate responsibility. These efforts contribute to lower greenhouse gas emissions, improved energy efficiency, and a more sustainable future for our Company and the communities we serve. 
Industry collaborations	Industrial symbiosis - Quest for zero landfill We actively engage in industrial symbiosis, where the waste or by-products from one industry or process become the raw materials for another, inspired by industry cross-collaborations. This approach enables more sustainable material use and fosters the creation of a circular economy. Regarding waste management, we employ the following practices: • PVC process waste is directed to reuse. • XLPE material waste, though challenging to recycle economically, is innovatively repurposed into machine parts and reusable pallets. • Waste items that cannot be reused or recycled are disposed of in an environmentally friendly manner through a licensed waste disposer.

NATURAL CAPITAL

Focus area	Initiatives
Environmental activities and Community engagements	Every year, Kelani Cables PLC enthusiastically celebrates World Environment Day by embracing the significant themes of each respective year. Our iconic initiatives include tree planting events, gifting saplings to employees and organising educational programmes for school children. Additionally, we host engaging poster and photo competitions to raise awareness and inspire action among our employees and the community. These activities reflect our commitment to environmental stewardship and our dedication to fostering a sustainable future.

NATURAL ENVIRONMENT MAINTAINED WITHIN COMPANY PREMISES



Kelani Cables PLC has planted trees in the Company premises demonstrating its unwavering commitment to environmental stewardship. The Company consistently engages in extensive tree planting initiatives at its factory premises each year in observance of World Environment Day. This actively contributes to vital ecological functions right within our operational footprint. These planted trees serve multiple critical purposes. They enhance local biodiversity by creating new habitats, improve air quality through carbon sequestration, regulate the microclimate by providing shade and reducing heat, and contribute to soil health, all of which are essential for a thriving ecosystem. This proactive engagement underscores Kelani Cables PLC deep-rooted understanding of corporate environmental responsibility and its dedication to integrating sustainable practices into its core values. By consistently investing in the greening of our premises, we not only mitigate our environmental impact but also inspire our employees, stakeholders, and the wider community to embrace similar eco-conscious behaviours, thereby fostering a shared commitment towards a greener, healthier future for Sri Lanka and beyond.

WORLD ENVIRONMENT DAY CELEBRATION

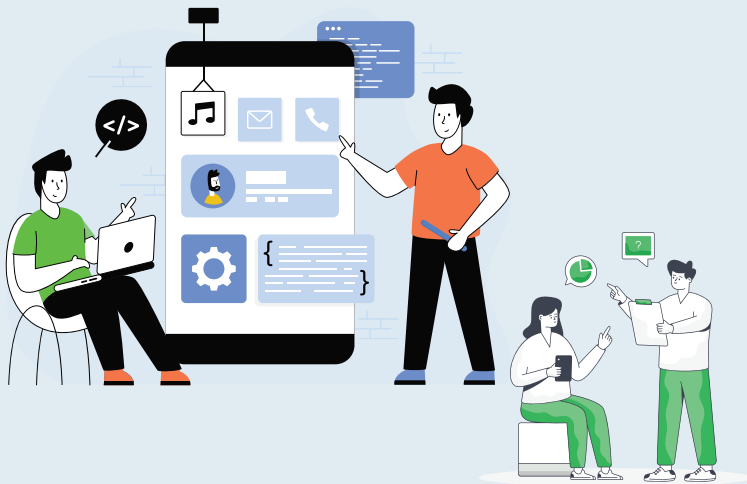
On the World Environment Day, Kelani Cables PLC proudly continued its annual commitment to environmental stewardship by planting 20 trees in its factory premises in Kelaniya and Siyambalape. This dedicated initiative reflects the Company's proactive approach to enhancing local green cover and contributing directly to ecological well-being. By fostering biodiversity and improving environmental quality at its operational sites, Kelani Cables reinforces its deep-seated dedication to sustainable practices and responsible corporate citizenship within Sri Lanka.





MANAGEMENT DISCUSSION AND ANALYSIS

SOCIAL AND RELATIONSHIP CAPITAL



Social and relationship capital snapshot

MANAGEMENT APPROACH AND LINK TO STRATEGY

At Kelani Cables, our social and relationship capital is anchored in the strength and depth of the connections we maintain with customers, suppliers, business partners and the communities within which we operate. We recognise that these relationships form a vital foundation for long-term value creation and business resilience.

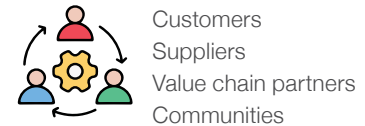
Our engagement with stakeholders is proactive, transparent and inclusive, fostering open dialogue and mutual understanding. Through consistent collaboration and responsiveness to stakeholder needs, we build credibility, enhance trust and nurture goodwill across our value chain.

OUR DIVERSE CUSTOMER PROFILE

Kelani Cables proudly serves a wide spectrum of customers, both locally and globally. Our diverse customer base reflects the strength of our brand, the breadth of our product offerings, and our commitment to meeting the varied needs of different market segments.



KEY STAKEHOLDERS AFFECTED



HIGHLIGHT OF THE YEAR



Kelani Saviya CSR programme continued for

17th

consecutive year

Extensive local reach

With a robust domestic presence, Kelani Cables PLC reaches customers across Sri Lanka through an extensive network of 1,062 distributors and dealers. This well-established network ensures the availability and accessibility of our products in every region, reinforcing our position as a trusted and reliable provider in the local market.

Growing global footprint

Our commitment to quality and innovation has enabled us to successfully penetrate international markets. We currently serve 166 export clients across multiple countries, underscoring our strategic focus on global expansion and our ability to compete effectively on the international stage.

Trusted partner for institutional and project-based clients

Kelani Cables is also a preferred supplier for 1,702 institutional clients and large-scale infrastructure projects. Our ability to meet the specific requirements of large-volume, custom orders demonstrates the flexibility and scalability of our operations, while supporting critical development initiatives across sectors.

Strategic market presence

Collectively, these customer segments highlight our strategic market positioning. From individual end-users and retail partners to export clients and institutional customers, we remain committed to delivering value-driven, high-quality solutions that address the unique needs of each stakeholder group both in Sri Lanka and around the world.

KELANI CABLES PRODUCT RESPONSIBILITY

What product responsibility means to us

Finding the right balance between social, economic and environmental commitments of the company

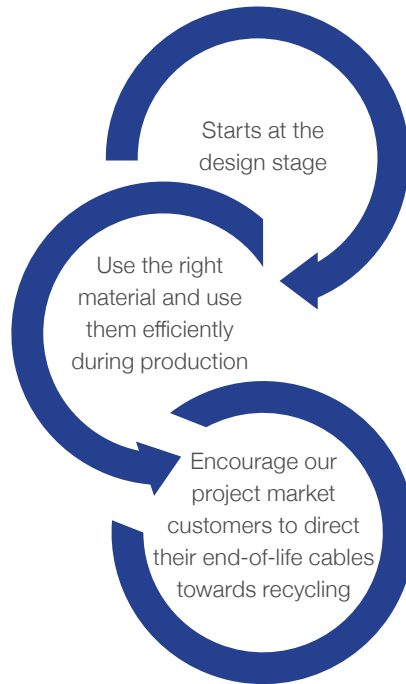
Our approach to product responsibility

At Kelani Cables, product responsibility is a fundamental pillar of our sustainability ethos. It reflects our unwavering commitment to balancing social, economic and environmental considerations across the product lifecycle from design to end-of-life cycle.

We view product responsibility not merely as a regulatory requirement, but as a proactive approach to ensure that our products deliver value to customers while minimising environmental impact and upholding the highest standards of safety, efficiency and sustainability.

Our approach begins at the design stage, where we integrate principles of durability, performance, and environmental stewardship. By engineering products that are long-lasting and reliable, we reduce the need for frequent replacements and support resource conservation.

We place great emphasis on material selection and usage, ensuring that we use high-quality raw materials responsibly and efficiently. Our production processes are continuously optimised to reduce waste, enhance energy efficiency and ensure maximum material utilisation, aligning with circular economy principles.



Beyond manufacturing, we actively engage our institutional market customers in responsible disposal practices. We encourage the return or recycling of end-of-life cycle cables through awareness and guidance, thus promoting a more circular approach to resource use.

This holistic approach to product responsibility affirms our belief that sustainable products are only good for business and also essential for the planet and society.

Upholding excellence through our safety-first promise

At Kelani Cables PLC, safety is not just a feature, it is a commitment we uphold across every aspect of our brand. Under the brand promise “Safety Forever,” we deliver products that meet and often exceed both national and international technical and safety standards, ensuring peace of mind for end-users and professionals alike.

Every product bearing the name “Kelani” undergoes a rigorous testing regime in advanced internal and third-party laboratories. These facilities are equipped with the latest technology and staffed by

highly trained experts who assess our products for durability, performance, and compliance before they are introduced to the market.

Our drive for continuous improvement is strengthened by our active engagement with a wide spectrum of stakeholders. We maintain open and regular dialogue with our customers, electricians, researchers, regulatory bodies and technical experts. This collaborative approach helps us anticipate emerging needs, stay abreast of evolving standards and incorporate the latest advancements in electrical safety and technology into our offerings.

Furthermore, we are committed to empowering the professionals who work with our products every day. Through targeted training programmes and industry seminars conducted for members of the Kelani Electricians Club and Winders Club, we ensure that our partners are kept up-to-date on industry best practices and evolving safety protocols. These capacity-building initiatives enhance professional skill sets and contribute to raising industry standards in Sri Lanka and beyond.

Product information and awareness

- We provide customers with essential information on cables and other products to ensure safety during storage, installation, operation and disposal.
- Proper voltage categorisation is crucial in product labelling to prevent danger to humans and equipment and this is strictly adhered to.
- Our catalogues recommend optimal and safe current ratings for cables based on IET wiring regulations (BS 7671).
- Product catalogues are available in Sinhala, Tamil and English, offering information understandable by both experts and average consumers.
- Emphasising wiring safety, we offer free technical services for cable selection to local and international customers, with a 24x7 technical service hotline providing comprehensive cable solutions.

SOCIAL AND RELATIONSHIP CAPITAL

- This service is further extended through technical seminars for engineers and electricians and product safety demonstrations available on YouTube.

Product certifications

- Kelani Cables PLC holds product certifications from the Sri Lanka Standards Institution, covering the building wire range, auto cables, armoured cables and overhead lines.

- Kelani Cables PLC is the pioneer 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) recognised component and is accepted internationally.

SUPPLIERS

A strong and diversified supplier base plays a vital role in enabling Kelani Cables PLC to maintain excellence in quality, efficiency and innovation across its manufacturing operations. The company's supplier strategy blends local strength with global expertise to build a resilient and forward-looking value chain.



Empowering the local economy

Kelani Cables PLC works closely with 958 local suppliers forming the backbone of its raw material and service procurement within Sri Lanka. These partnerships span a wide range of inputs, everything from essential raw materials to ancillary services, ensuring smooth and uninterrupted production processes.

By nurturing long-term relationships with local businesses, Kelani Cables PLC actively contributes to national economic development and promotes entrepreneurship. This local sourcing approach reinforces the Company's commitment to sustainable and inclusive growth within the domestic economy.

Strategic global sourcing

Complementing its local network, the company also collaborates with 293 international suppliers. These globally reputed partners provide high-quality, specialised materials and advanced

technologies that are often not available locally. This global procurement strategy ensures that Kelani Cables PLC remains aligned with the latest industry innovations and adheres to world-class standards in manufacturing.

International sourcing also strengthens supply chain flexibility, enabling the company to respond swiftly to dynamic market demands and evolving technological trends.

A balanced and resilient supply chain

The combined strength of local and international suppliers forms a strategically diversified supply base. This balance allows Kelani Cables to:

- Ensure consistent product quality
- Enhance operational resilience
- Optimise production efficiency
- Drive innovation through access to cutting-edge materials

This dual approach strengthens the Company's ability to meet the specific needs of its diverse customer segments whilst supporting long-term business continuity and competitiveness in the cable manufacturing industry.

COMMUNITY ENGAGEMENT

At Kelani Cables, community engagement is more than a peripheral activity. It is a vital part of how we operate and grow responsibly. We believe that a thriving business must also contribute meaningfully to the wellbeing of the communities in which it operates.

Listening with purpose

We invest time and effort to understand the unique needs, aspirations and challenges of the communities around us. This insight shapes our initiatives, ensuring they are relevant, responsive and aligned with community priorities.

Creating shared impact

Our engagement efforts are designed to deliver mutual value, addressing community needs while strengthening our social license to operate. Whether through direct support, collaborative programmes, or knowledge sharing, we aim to generate tangible outcomes that benefit all stakeholders.

Building for the long term

Strong, trust-based relationships with local communities underpin the long-term sustainability of our operations. By nurturing goodwill and open dialogue, we ensure a stable operating environment and reinforce the resilience of our business over time.

An extension of our values

Community engagement reflects our core belief that responsible business goes beyond products and profits. It is a key pillar of our strategy, contributing to inclusive growth, social harmony and the shared progress of all those we impact.

Our flagship initiatives

- Kelani Saviya
- Kelani Shakthi
- Electricians' Club
- Knowledge sharing forums for electricians

“KELANI SAVIYA” - Powering Futures, Elevating Standards

Launched in 2007 under the visionary patronage of Prof. S.B.S. Abeykoon, then Vice Chancellor of the University of Peradeniya, Kelani Saviya has become one of our most enduring and impactful community initiatives. Rooted in the belief that vocational excellence deserves recognition and reward, the programme was designed to elevate the status and professionalism of electricians across Sri Lanka.



Passed students of Kelani Shakthi 6th batch on their certification awarded date in 12th June 2025 at the University of Jaffna

Now in its 17th consecutive year, Kelani Saviya continues to inspire and empower the next generation of electrical professionals. The programme provides structured training across three progressive course levels, equipping participants with both technical knowledge and practical skills that are vital to excelling in the electrical trade.

Investing in human potential

- 1,000+ youth have enrolled in Kelani Saviya since its inception, with over 535 graduates achieving full certification across all three stages.
- The programme has become a respected benchmark in vocational training within the electrical field, combining academic rigour with real-world relevance.

- The successful completion of 12 programme cycles by 2023 underscores its popularity and effectiveness, while the 13th batch commenced in August 2024.

Empowering a skilled workforce

Beyond individual success stories, Kelani Saviya plays a pivotal role in uplifting the electrical profession in Sri Lanka. By promoting career stability, skill development and social recognition, it contributes to a more capable and confident workforce, laying the foundation for long-term socio-economic progress.

External recognition

Silver award CSR brand of the year 2015 & 2018 and Bronze award CSR brand of the

year 2019 at the SLIM Brand Excellence Awards conducted by the Sri Lanka Institute of Marketing.

Kelani Shakthi – Expanding opportunity, empowering the North

Building on the success of the flagship Kelani Saviya programme, Kelani Shakthi was introduced to extend our commitment to vocational upliftment into the Northern Province. This initiative continues the mission of enhancing the professionalism of electricians and empowering youth with the skills and recognition necessary for secure, respected careers.

Launched in collaboration with the University of Jaffna, Kelani Shakthi brings world-class vocational training closer to underserved communities, fostering both individual advancement and regional development.

SOCIAL AND RELATIONSHIP CAPITAL

PROGRESS AND IMPACT

- The programme has already seen the successful completion of its 5th and 6th batches, marking key milestones in its journey.
- A total of 68 students have been selected for the 7th batch, which is currently underway, reflecting the growing enthusiasm and demand for skilled vocational education in the region.
- Certificate awards for past batches were ceremonially held on June 12, 2024, symbolising achievement and opening doors to professional opportunities.

A pathway to prosperity

Kelani Shakthi is more than a training platform. It is a catalyst for economic empowerment, social mobility and regional resilience. By fostering a skilled workforce in the Northern Province, we continue to contribute meaningfully to Sri Lanka's broader socio-economic development agenda.



"KELANI VISURA" ELECTRICIANS' CLUB

"KELANI VISURA" Electricians' Club – Advancing Skills, Building Community

The "KELANI VISURA" Club is one of our flagship initiatives dedicated to uplifting the professional and social standing of electricians across Sri Lanka. As a platform for continuous learning and collaboration, the Club plays a pivotal role in strengthening the capabilities and confidence of industry professionals.



Knowledge sharing for professional growth

Throughout the year, the Club conducted a series of thirteen targeted seminars, focusing on essential topics such as:

- Safe and efficient electricity usage
- Best practices in electrical installations
- Energy conservation and emerging industry standards

These sessions enabled electricians to stay abreast of evolving technologies and sharpen their expertise, equipping them to better serve customers and communities.

Hands-on learning through practical modules

In a notable development during the year, the second learning module of the programme was rolled out. This included 16 hands-on seminars with practical demonstrations, drawing participation from over 1,200 electricians from across the country. The practical nature of these sessions ensured that participants not only understood theoretical concepts but also mastered real-world applications.

Empowering the electrical workforce

By fostering peer learning, professional development and community engagement, the "KELANI VISURA" Club continues to create lasting impact, empowering electricians to grow in their careers, uphold high safety standards and contribute meaningfully to national development.

WAY FORWARD

As we look to the future, Kelani Cables PLC remains committed to strengthening our Social and Relationship Capital. We will deepen engagement with customers, suppliers, value chain partners, and communities to build mutual trust and long-term value.

Our focus will be on expanding initiatives such as Kelani Saviya and Kelani Shakthi to reach more regions, while further enhancing the Kelani Visura Electricians' Club through wider and more frequent knowledge-sharing sessions.

We will also work closely with customers and suppliers to understand evolving needs and pursue shared objectives, reinforcing the sustainability of our operations and the socio-economic ecosystems we support.

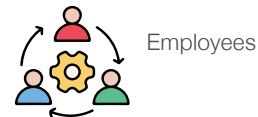


MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL



KEY STAKEHOLDERS AFFECTED



HIGHLIGHT OF THE YEAR



506

Total staff



82 %

Staff retention ratio



Rs.1,005 Mn

Total employee related expenses:



Rs. 4.7 Mn

Total investments in training and development:

Capital Synopsis

MANAGEMENT APPROACH AND LINK TO THE STRATEGY

At Kelani Cables PLC, we recognise that the capabilities and mindset of our people are central to our long-term success. Their expertise and dedication directly support the executing of our business strategy, helping us respond to change and pursue growth in an evolving market.

We are committed to creating an environment where employees can thrive, both personally and professionally, by aligning individual aspirations with organisational priorities. Our holistic approach includes targeted development initiatives, a focus on well-being and a strong culture of learning. This ensures our workforce remains agile, engaged and equipped to deliver value while growing in their careers.

EMPOWERING OUR PEOPLE FOR SUSTAINABLE GROWTH

At Kelani Cables, we believe that investing in our people is integral to driving sustainable business success. Our approach focuses on skill development, financial security, career growth and employee well-being, especially during challenging times.



HUMAN CAPITAL

Investing in capability development

We continued to strengthen employee competencies through structured training and development, with an investment of Rs. 4.7 Mn during the year. These programmes are designed to support competency-based growth and ensure our workforce remains agile and future-ready.

Rewarding performance and ensuring stability

Despite the improving yet continued challenges in the operating environment, we upheld our commitment to employee financial stability by maintaining full remuneration, bonuses and salary increments across the organisation.

Promoting inclusion and well-being

We prioritise a workplace culture that is inclusive, diverse and supportive. In response to economic challenges, we continued to enhance our employee well-being programmes.

Supporting career progression

Clear and structured career pathways have been introduced, enabling employees to align their personal growth with organisational objectives. This clarity in progression fosters motivation and long-term engagement.

KELANI CABLES, A CULTURE ROOTED IN PURPOSE AND PERFORMANCE

Our culture is a powerful catalyst for performance, innovation and enduring success. Built on a foundation of shared values and a spirit of collaboration, it shapes how we work, engage and grow; both as individuals and as a team.

Living Kelani Cables values

Our culture is anchored in five core values: Respect, Integrity, Quality, Family and Learning. These extend beyond ideals as we see them brought to life every day through the actions of our people. Our leaders play a pivotal role in modelling these values, fostering a workplace where purpose, ethics and excellence go hand in hand.

Leadership that inspires

Leadership at Kelani Cables is defined by example. Our leaders cultivate trust, empower teams and uphold a strong ethical foundation. Their commitment to the Company's vision sets the tone across all levels, driving accountability, innovation and unity.

Excellence through collaboration

Our teams work in close synergy to deliver high-quality products, develop innovative solutions and ensure fast, reliable delivery. This collaborative mindset enables us to consistently exceed stakeholder expectations and remain as an industry leader.

Contributing to national progress

Beyond our internal success, the strength of our culture extends outward; enabling us to forge enduring partnerships and contribute meaningfully to broader economic development.



Aligning people strategy with organisational goals

In 2024/25, our human capital strategy was purposefully designed to meet the changing expectations of our workforce while advancing Kelani Cable's long-term vision. The following focus areas shaped our approach:



Key strategic focus areas

Talent augmentation

In today's fast-evolving business landscape, continuous learning is vital. We focus on enhancing our talent through targeted upskilling and reskilling initiatives. Our structured training programmes are designed to strengthen both technical competencies and soft skills, empowering our workforce to keep pace with emerging technologies and evolving industry practices.



Job repurposing

With shifting market demands, at Kelani Cables, we are proactively redefining job roles to better align with the Company's strategic priorities. This approach allows us to deploy employee strengths in new and impactful ways, maximising potential and ensuring flexibility within our talent base.



Employee health, safety and wellbeing

The wellbeing of our employees remains a top priority. We have established comprehensive health and safety measures, supported by wellness initiatives that address not only physical safety but also mental and emotional resilience. These efforts are aimed at fostering a supportive and secure workplace for all.



Continued employee engagement

Strong employee engagement is key to maintaining a motivated and high-performing team. Through transparent communication, active feedback mechanisms and inclusive decision-making, we ensure our people feel respected, involved and connected to the organisation's journey.



Performance-based culture

We are committed to nurturing a results-oriented culture where performance is clearly defined, regularly assessed and fairly rewarded. This fosters accountability, inspires excellence and ensures alignment between each employee's individual contributions and overall business goals.



Evolving employee expectations

The crisis reshaped employee priorities, with greater emphasis now placed on job security, career progression, flexibility and well-being. Our HR strategy is attuned to these evolving expectations, offering structured development, transparent communication and support systems that reflect the modern workplace.

Rising cost of living and economic adjustment

While the economic outlook has improved, cost-of-living pressures remain a concern for many. Our remuneration policies are continually reviewed to ensure competitiveness and fairness, supported by financial wellness initiatives aimed at helping employees better manage their finances.

Global workforce trends and technology adoption

The acceleration of digital transformation and global HR trends continues to influence the way we work. Our strategy integrates technology into talent development, where feasible and promotes a culture of innovation and continuous learning.

KEY FACTORS SHAPING OUR HUMAN CAPITAL STRATEGY

With the authorities taking decisive efforts in managing the effects of the Sri Lankan economic crisis, the economy rebounded at a gratifying pace. Factors shaping corporates' human capital management and respective strategies also faced new dimensions and discussed below are some such factors.

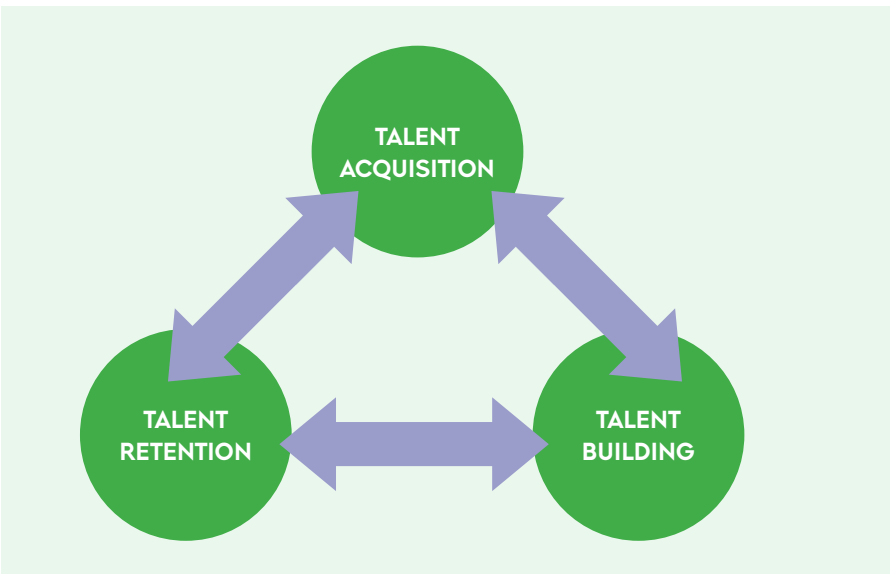
Post-crisis stabilisation and workforce renewal

With the economic crisis now behind us, Sri Lanka is entering a phase of recovery and renewal. This shift has allowed us to refocus our human capital strategy from short-term support to long-term workforce development enhancing resilience, rebuilding confidence and re-engaging talent.

HUMAN CAPITAL

Skills for the future

To remain competitive, we are prioritising future-ready skills, particularly in areas such as digital literacy, analytical thinking and leadership agility. Our training and reskilling programmes are geared to equip employees with the capabilities needed for emerging business challenges.



TALENT ACQUISITION

Our talent acquisition strategy is closely aligned with our mission and values, reflecting our belief that human capital is a fundamental driver of success. We adopt a strategic and balanced approach that integrates both internal development and external recruitment to build a high-performing workforce.

Strengthening from within

We priorities the development of our existing talent by identifying individuals such as trade learners and high-potential employees who can take on expanded roles. This focus on internal mobility strengthens organisational loyalty and motivation whilst ensuring cultural alignment and continuity as we grow.

Enriching with external expertise

To complement internal growth, we actively seek external talent with specialised skills and fresh perspectives. This targeted recruitment approach enables us to bridge capability gaps and bring in new thinking, supporting innovation and adaptability across the business.

By combining internal talent development with selective external hiring, we are building a workforce that is both grounded in our values and equipped to meet the evolving demands of the industry that we function in.

TEAM REVIEW

Geographic dispersion of the team

Internal career mobility activities	External talent acquiring institutes
• Provision of career development opportunities for staff • Concerted efforts on communicating and informing employees, creating greater visibility of opportunities • Facilitation of cross-divisional moves, allowing employees to develop and expand their skills and pursue diverse careers	• Universities and Technical Colleges • Government Schools • National Vocational & Training Institute (VTEC) • National Apprenticeship and Industrial Training Authority (NAITA) • National Youth Corps (NYC)

TALENT BUILDING

At Kelani Cables, talent development is a strategic priority that underpins our long-term growth and success. We are committed to creating an environment where our people can thrive both professionally and personally whilst remaining closely aligned with the Company's mission and values. Our approach to talent building centres around three key pillars: Leadership, Culture and All-round Development.

Leadership: Developing future leaders	Our leadership development efforts are focused on identifying high-potential individuals and equipping them with the tools and insights needed to lead with confidence and clarity. Through structured programmes, including mentorships, targeted workshops and continuous performance feedback, we build leadership capabilities across all levels of the organisation. These initiatives ensure that our future leaders are prepared to take on expanded responsibilities and guide the company through evolving challenges and opportunities.
Culture: Enabling sustainable performance	At Kelani Cables, we cultivate a workplace where collaboration, integrity and innovation thrive. Our core values Respect, Integrity, Quality, Family and Learning are embedded in our daily operations and shape how we engage with one another and our stakeholders. To reinforce this culture, we conduct regular team-building events, recognition programmes and open forums that encourage feedback and foster a sense of belonging. These efforts help create an inclusive, high-trust environment that supports long-term employee engagement and performance
All-round development: Empowering personal and professional growth	Our training programmes are tailored to build technical expertise as well as essential soft skills, such as communication, collaboration and leadership. Employees are also encouraged to pursue further education, certifications and role-based upskilling, ensuring they remain future-ready. By investing in continuous development, we empower our people to unlock their full potential and contribute meaningfully to the Company's ongoing success.

Training and development

We view training and development as critical enablers of business resilience and future-readiness. Our structured approach ensures that employees are equipped with the skills and knowledge needed to meet evolving job demands, navigate industry shifts and exceed customer expectations. Our training policy is designed to systematically identify skill gaps and

provide targeted learning solutions that support both individual growth and organisational performance.

Identifying training needs

We conduct regular performance evaluations that benchmark employees against clearly defined goals. This structured process enables the early identification of skill gaps and development

areas, ensuring that employees not only meet current job expectations but are also well-prepared for future challenges.

Modes of training

To cater to diverse learning needs, we adopt a blended approach to training:

- On-the-job training: Real-time learning opportunities allow employees to acquire and apply new skills within their actual work environment, promoting experiential learning and immediate relevance.
- Classroom-based learning: Structured sessions offer a focused environment for gaining theoretical insights and core competencies essential for professional growth.

This combination of hands-on experience and formal learning ensures a well-rounded development experience.

Sustaining a learning culture

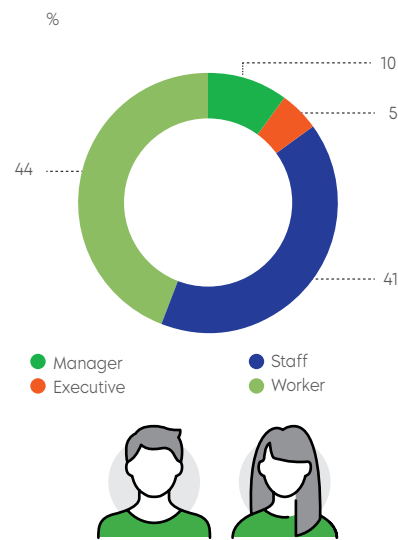
- We are committed to employee development. Our training programmes have continued uninterrupted, enabling our teams to remain agile, capable and confident in the face of change.
- Ongoing investments in upskilling our workforce strengthen individual capabilities and enhance overall organisational excellence. By anticipating industry shifts and customer needs, we position Kelani Cables for long-term growth and competitiveness.

TRAINING STATISTICS

	2025	2024
Number of employees who underwent training during the year	395	320
Total collective training hours	5,002	1,468
Training budget	3.00 million	1.45 million
Key training topics	Leadership and Management Skills, Interpersonal Communication Development Training/Mindshare Meetup – 6 Sessions/First Aid/ Fire Training/ Educational Programme on Performance Excellence/ KPI development programs	Social Dialog and Work place environmental/Labour Law/First Aid/ Fire Training/ Defensive Driving Training Programme/ Enhancing Sales Skills Program

HUMAN CAPITAL

TRAININGS BY CATEGORY



In 2024/25, Kelani Cables recorded a lower attrition rate compared to the previous year, reflecting improved living conditions and greater workforce stability following the country’s post-crisis recovery. The natural turnover that did occur created opportunities to strengthen our talent base, which we addressed swiftly through a well-coordinated mix of internal promotions and external hires.

This proactive approach to talent management ensured business continuity, preserved institutional knowledge and reinforced our commitment to building a resilient and future-ready workforce.

OCCUPATIONAL HEALTH AND SAFETY

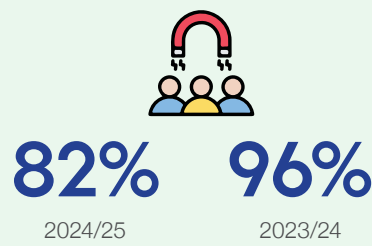
We place a high priority on the health and safety of our employees, recognising the critical importance of a safe working environment given the nature of its operations. Our approach to occupational health and safety is comprehensive and proactive, focusing on both preventative measures and responsive training.

Key Training Programs Fire Safety Training

All employees receive rigorous fire safety training to ensure they are well-prepared to prevent, manage and respond to fire-related incidents. This training covers

Our commitment to maintaining a safe work environment is evidenced by our achievement of zero major workplace accidents. This accomplishment is driven by several key initiatives:

Staff Retention



Safety Committee

A dedicated Safety Committee is in place to oversee and implement safety-related initiatives. This committee plays a crucial role in developing policies, conducting risk assessments and ensuring compliance with safety regulations.

Monthly Safety Reviews

We conduct regular monthly safety reviews to evaluate our the proper use of fire extinguishers, evacuation procedures and emergency communication protocols with safety practices, identify potential hazards and implement necessary improvements. These reviews involve comprehensive inspections and audits of our facilities and processes.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

	2025	2024
Number of work place related injuries	01	02
Number of near misses	00	01
Number of relevant trainings conducted	03	10
Number of employees covered in related trainings	248	320

COMPENSATION AND BENEFITS

Gender diversity and equal opportunity

At Kelani Cables, we are committed to creating a truly inclusive workplace where individuals of all genders are respected, valued and empowered.

Our commitment to gender equality is embedded across the entire employee lifecycle, ensuring fairness and inclusivity from recruitment to career progression.

Equal opportunity in action

We uphold a strong policy of equal opportunity employment, ensuring that all employees regardless of gender, have equitable access to opportunities, resources and support. This commitment is reflected in the following core areas:

Recruitment

- We implement inclusive recruitment practices designed to attract a diverse pool of candidates.
- Our hiring panels are trained to assess candidates objectively, with a focus on qualifications, experience and skill, ensuring gender-neutral outcomes.

Performance appraisal

- Employee performance is evaluated using transparent, merit-based criteria aligned with role-specific expectations.
- Regular reviews of our appraisal processes help us identify and eliminate potential biases, reinforcing a culture of fairness.

Career advancement

- Promotions and leadership opportunities are awarded strictly based on merit and proven performance.
- We proactively identify high-potential individuals and support their development through equal access to leadership training and career development programmes.

Training and development

- All employees are provided with equal access to training workshops, upskilling programmes and continuous learning opportunities.
- Our mentorship programmes promote cross-gender learning and collaboration, fostering a culture of mutual support and shared growth.

Benefits and work-life balance

- Our benefits framework is inclusive and designed to meet the diverse needs of our workforce, without gender-based distinctions.
- We promote work-life balance through flexible work options, parental leave and family-friendly initiatives that support employees at all life stages.

Merit-based career progression

We are firmly committed to a meritocratic approach to career advancement. Employees are evaluated based on their skills, performance and meaningful contributions to the Company, ensuring that promotions and career opportunities are earned, not given.

Gender or any other non-performance-based factor has no bearing on progression decisions. This merit-based system allows all employees to realise their full potential and play a key role in driving the Company's success.

Fostering an inclusive culture

We continuously work to cultivate a workplace that values diversity and champions inclusion. Our efforts are

guided by structured initiatives that promote awareness, support and policy alignment:

- **Awareness programmes** Regular training sessions and workshops are conducted to raise awareness on gender diversity, unconscious bias and inclusive practices.
- **Support networks** We have established employee resource groups to offer a platform for connection, advocacy and mutual support around diversity-related topics.
- **Inclusive policies** Our HR policies are reviewed and updated regularly to promote fairness, gender equality and protection against any form of discrimination.

Commitment to Continuous Improvement

Gender diversity and inclusion at Kelani Cables PLC is an ongoing journey. We actively track our progress, seek employee feedback and identify areas where we can do better. Our goal is to ensure every team member feels valued, empowered and inspired to succeed within an environment built on mutual respect and opportunity.

Targeted support amidst economic hardship

Although Sri Lanka has now entered a phase of post-crisis recovery and growth following the economic downturn of 2022, the lingering effects such as a high cost of living continue to impact the day-to-day lives of many. At Kelani Cables PLC, we recognise these challenges and remain committed to supporting our employees during this transition.

In line with our people-centric values, we continued to extend meaningful support measures to help employees maintain a stable and balanced life, both at work and at home. These initiatives included:

- Salary increments to help employees better manage rising living expenses
- Festive gifts and celebrations to reinforce a sense of belonging and appreciation

These initiatives reflect our people-first approach, ensuring that our employees continue to feel supported, motivated and cared for.

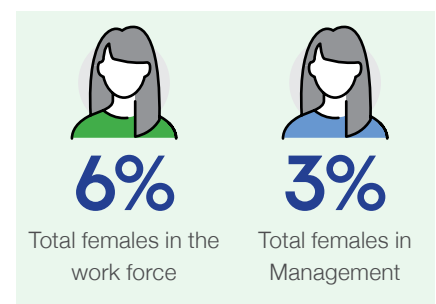
WAY FORWARD

As Kelani Cables PLC moves into the next phase of growth, we remain firmly committed to enhancing the well-being and development of our people. Guided by our robust HR policies and operational frameworks, we will continue to prioritise the needs of our workforce as a key pillar of sustainable success.

Looking ahead, the following focus areas will shape our human capital strategy:

- Ensuring employee welfare and engagement
- Strengthening leadership and succession planning
- Enhancing training and upskilling initiatives
- Promoting diversity, equity and inclusion
- Fostering a performance-driven and supportive work culture

These priorities reflect our ongoing commitment to building a resilient, future-ready workforce that contributes meaningfully to both individual success and organisational growth.



HUMAN CAPITAL

Aligning HR strategy with business growth

- Integrate HR initiatives with the Kelani Cables PLC's long-term growth agenda
- Stay responsive to macroeconomic trends to support sustainable development and workforce stability

Talent retention and development

- Retain experienced talent to preserve institutional knowledge and ensure continuity
- Strengthen engagement to build lasting employee relationships
- Enhance recruitment and training processes to attract and develop high-calibre talent
- Implement competency-based systems to identify and nurture future leaders

Competitive compensation and benefits

- Regularly review remuneration packages for market competitiveness
- Evolve benefit offerings to align with employee needs and expectations
- Introduce new initiatives that support well-being, motivation and retention

Inclusive, engaged and healthy workforce

- Promote diversity and equal opportunity through inclusive policies and practices
- Advance gender equity and cultivate an inclusive workplace culture
- Boost employee engagement and morale through wellness programmes and flexible work arrangements

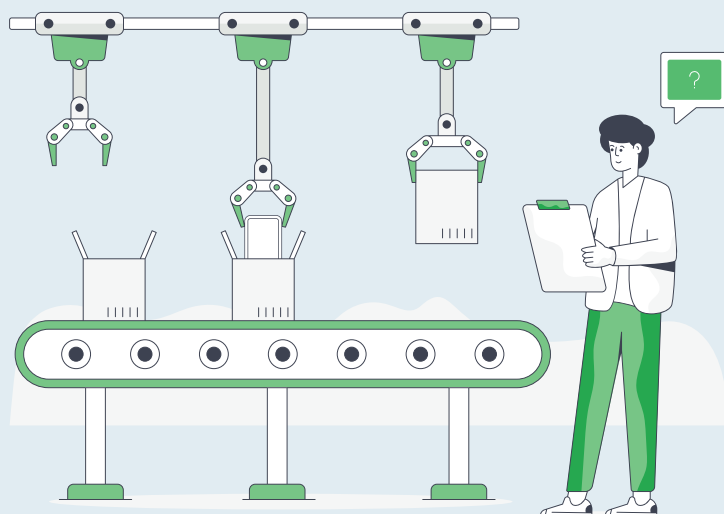
Performance and policy excellence

- Refine performance management systems for fairness, transparency and alignment with organisational goals
- Commit to continuous improvement by reviewing HR practices, incorporating feedback and staying aligned with global best practices



MANAGEMENT DISCUSSION AND ANALYSIS

MANUFACTURED CAPITAL



Capital Synopsis

HOW MANUFACTURED CAPITAL LINK TO THE STRATEGY

Kelani Cables PLC leverage its operations and spread over 3.1 hectares to produce some of Sri Lanka's finest cable solutions and related products. These facilities are integral to the Company's strategic vision and providing the necessary infrastructure and technological capability to maintain high standards of quality, efficient manufacturing. The robust physical assets enable Kelani Cables PLC to meet growing market demands, enhancing production capabilities and ensure consistent delivery of superior products, thus reinforcing its leadership position in the industry. This infrastructure supports current operational needs and facilities future growth and adaptation to emerging market trends.

PLANTS & MACHINERY

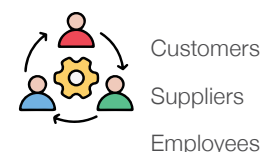
Kelani Cables operations are enabled by three plants as follows

	Plant I & II	Plant III
Location	Wewalduwa, Kelaniya	Mahena Road, Siyambalape South Siyambalape
Land Extent	2.7Ha	0.4Ha
Key Production Lines	Heavy Cables, Other Cables & Enamel winding wire	Domestic range cables

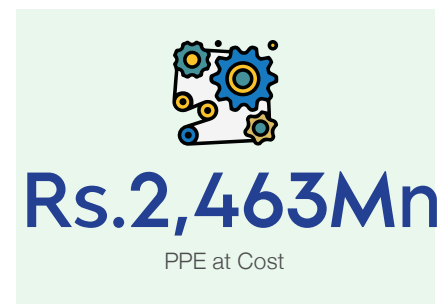
PROPERTY PLANT AND EQUIPMENT

Kelani Cables PLC staff maintain and upkeep property, plant, and equipment regularly in consultation with the vendor as required, which ensure best functioning machinery yielding maximum output and also which ensure employee safety. Planned maintenance happens without compromises to avoid machine breakdowns.

KEY STAKEHOLDERS AFFECTED



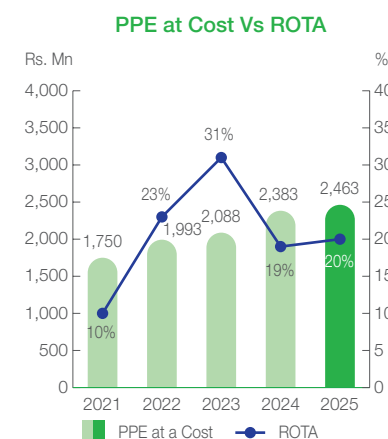
HIGHLIGHT OF THE YEAR



INITIATIVES CONDUCTED TO ENHANCE THE PRODUCTIVITY OF PPE DURING THE YEAR

- Replacing efficient machine parts with efficient units
- Fleet of new machinery install to increase production capabilities
- Constructed new factory building to set up new machinery
- Adherence to concepts of 5S and KAIZEN for continuous improvements in process efficiency and productivity

KELANI CABLES PLC PPE (AT COST) AND RETURN ON TOTAL ASSETS (ROTA)



MARKETING STRATEGY AND BRAND STRENGTH

Kelani Cables PLC has established itself as a market leader in the Sri Lankan cable industry through a well-rounded marketing strategy. This strategy is built on four fundamental elements: Product, Brand, Quality and After-Sales Service. Each element plays a crucial role in driving the Company's success and ensuring customer satisfaction.

Product

The company offers a diverse range of high-quality cable products designed to meet the needs of various sectors, including residential, commercial and industrial and a versatile range of other related products. The company continuously invests in research and development to innovate and expand its product portfolio, ensuring that it stays ahead of market trends and technological advancements. By providing reliable and durable cables, Kelani Cables meets the stringent requirements of national and international standards, catering to the evolving demands of its customers.

Brand

The brand "Kelani Cables" has become synonymous with trust and reliability in the Sri Lankan market. The Company has nurtured its brand through strategic marketing initiatives, building a strong brand identity that resonates with quality and excellence. Over the past five decades, Kelani Cables has strategically diversified its product range, enhancing its market presence. The brand's visibility is further enhanced through targeted advertising, participation in industry exhibitions and robust online and offline marketing campaigns. These efforts collectively support Kelani Cables' vision to be the nation's leading electrical solutions provider.

Quality

Quality is the fundamental aspect of Kelani Cables' marketing strategy. The Company's commitment to quality is evident in its stringent manufacturing processes, extensive testing and continuous improvement practices. At Kelani Cables,

quality control begins with the procurement of raw materials and extends through every stage of production to the final product. By utilising advanced analytics techniques and improving processes, the Company has reduced non-conforming products, decreased quality claims and achieved significant cost savings. This relentless focus on quality ensures that Kelani Cables' products exceed customer expectations.

After-Sales Service

The Company recognises that exceptional after-sales service is vital for maintaining customer loyalty and satisfaction. The Company provides comprehensive support to its customers through a variety of channels. This includes a dedicated technical service hotline available 24/7, offering assistance on cable selection and other technical inquiries. Additionally, Kelani Cables conducts training sessions and seminars for engineers, electricians etc. These initiatives ensure that professionals are well-equipped with the latest industry developments and add value to their work. Moreover, the Company actively engages with customers to gather feedback and insights, allowing for continuous improvement and enhanced customer experiences.

MARKET SEGMENTS

The following are the core four market segments that we cater to.

Projects

Kelani Cables PLC further strengthens its position as a leading electrical solutions provider with a strong foothold in the project market. This segment encompasses infrastructure, large-scale construction, industrial, commercial, and residential projects, and remains one of the key drivers of revenue and market share growth. This success stems from a number of competitive advantages, including a wide selection of tested and certified quality cables and accessories, specialised customised solutions, and exceptional service to our clients, which includes meeting deadlines and fulfilling project timelines. Also, the Company has catered to the growing demand for renewable energy by supplying power cables to many solar power projects.



26%

Revenue Growth



Exports

Export Marketing team worked towards the growth of company exports sales during the year. While the sales operations are being developed in Maldives and Bangladesh through Maldives sales office and the Liaison office in Bangladesh, “Kelani” cables are exported to over 12 other countries. In Exports growth strategy, entering in to new overseas markets is a key. Quality of the product and the testimonies the Brand carries have made the above journey easy for the export team.

Power and Energy

This segment comprises the national electricity providers Ceylon Electricity Board and Lanka Electricity Company. This segment also contributed positively towards revenue and profitability targets of the Company for the year.

Distribution

With the economy gradually recovering and people demonstrating greater spending patterns in certain instances, the trend towards spending on building material was escalated. Company field staff made use of the opportunity and recorded a commendable top line growth during the year.

COMPANY LIGHTING DIVISION

Along with the removal of imposed import restrictions by the government and market penetration exercise helped the lighting division of the Company to bring good results.

BUILDING OUR BRAND – KELANI CABLES



Kelani Cables PLC has consistently prioritised brand building as a core aspect of its business strategy, recognising the critical role that strong brand equity and reputation play in driving success. Despite economic hardships, the company has maintained a strategic approach to brand development, ensuring that its brand remains robust and well-positioned in the market.

Strategic Brand Building in Challenging Times

Throughout the year, Kelani Cables adopted a moderate approach to brand building, carefully balancing the need for visibility with the realities of economic constraints. The Company strategically executed a major campaign on above-the-line (ATL) advertising and opted for a precise approach

- **Main Campaign on TV/Radio/YouTube:** The Company has carried out a major media campaign called ‘Kisi Ginnak Ne’, with four main television channels, and YouTube, with the same networks, and expanding the campaign to four main Radio channels as well. The media campaign started during the country’s Presidential Election and extended during the General Election as well, gaining the optimum brand awareness with the highest viewership within that period.
- **Selective Outdoor Advertising:** The company has selected newly placed and replaced dealer boards with new, visually appealing ones. This ensured that the brand maintained a presence in key locations within the given budgets.
- **Hoarding Contracts:** The company renewed contracts for all its hoardings, securing prime advertising spaces and ensuring consistent brand visibility in critical areas.

Strengthening Brand Equity and Reputation

Kelani Cables recognises the immense value of its brand equity and reputation. These intangible assets have been

instrumental in delivering sound financial performance, fostering strong customer relationships and earning deep respect as a leading Sri Lankan corporate entity known for innovative solutions.

- **Financial Performance:** The strong brand equity of Kelani Cables has directly contributed to its financial success. A well-regarded brand attracts customers, encourages repeat business and supports premium pricing strategies.
- **Customer Relations:** Maintaining a reputable brand helps in building trust and loyalty among customers. Kelani Cables’ commitment to quality and safety ensures that customers continue to rely on its products.
- **Corporate Respect:** The brand’s association with safety and innovation has earned Kelani Cables significant respect within the industry and among stakeholders. This respect translates into favourable business opportunities and collaborations.

Emphasis on Safety

A key element of Kelani Cables’ brand identity is its unwavering commitment to safety. Throughout its brand building initiatives, the Company has consistently communicated its dedication to providing safe and reliable electrical solutions. This focus on safety resonates with customers, reinforcing their trust in the brand.

- **Safety Messaging:** All brand communications, whether through advertising, product packaging or customer interactions, emphasise the importance of safety. This consistent messaging helps to differentiate Kelani Cables in a competitive market.
- **Innovative Solutions:** By continually developing and offering innovative products that prioritise safety, Kelani Cables ensures that its brand remains synonymous with reliability and cutting-edge technology.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

THE CHAIRMAN'S STATEMENT

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

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

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

FOSTERING A CULTURE OF GOVERNANCE

The governance philosophy at Kelani Cables is deeply intertwined with our corporate values Innovation, Integrity, Responsibility, Excellence, and Urgency. These values guide our behaviour, decision-making, and interactions at

every level of the organisation. To ensure that governance principles are effectively cascaded throughout the Company, we have enhanced internal audit function and maintained vigilant executive oversight. These measures reinforce our objective of cultivating a culture where governance is not only understood but lived by every employee.

CHAIRMAN'S DECLARATION

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

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

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

(Sgd.)

U G Madanayake

Chairman

27 August 2025

CORPORATE GOVERNANCE



The Board of Directors of Kelani Cables PLC remains steadfast in its commitment to upholding the highest standards of Corporate Governance as a fundamental pillar of the Company's business philosophy and long-term sustainability. The Board recognises that robust governance practices, built upon principles of integrity, accountability, transparency, and ethical leadership, are essential for enhancing shareholder value and safeguarding the interests of all stakeholders.

The Company strongly believes that the professionalism, ethical conduct, and dedication of its Board members, management team, and employees when reinforced by a comprehensive framework of well-defined policies, sound internal controls, and prudent risk management form the foundation for delivering consistent performance and enduring value creation.

In its continuous pursuit of governance excellence, the Board ensures full compliance with the applicable statutory and regulatory requirements, including the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice

on Corporate Governance 2023 jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), as well as the provisions of the Companies Act No. 7 of 2007.

Through these governance frameworks and the ongoing enhancement of its oversight mechanisms, Kelani Cables PLC is committed to fostering a culture of transparency, accountability, and ethical conduct that underpins the sustainable growth and long-term success of the Company.

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)	
Securities 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	
Code of Best Practice on Corporate Governance (2023) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary Provisions Compliant

KELANI CABLES PLC ENTERPRISE GOVERNANCE FRAMEWORK

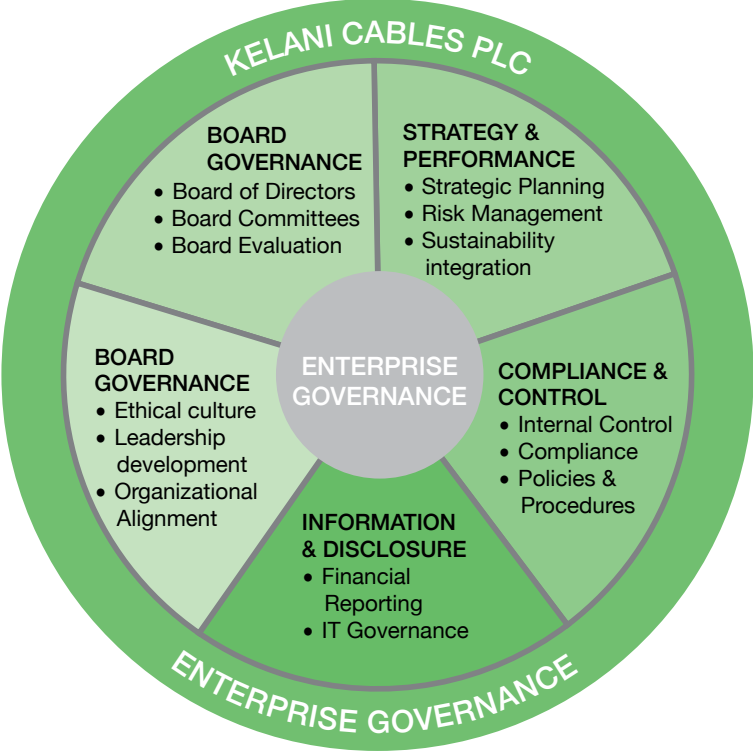
Enterprise governance at Kelani Cables PLC embodies the structured framework of responsibilities, practices, and oversight mechanisms exercised by the Board of Directors and the Executive Management. It is designed to provide clear strategic direction, ensure the effective achievement of corporate objectives, and uphold the highest standards of accountability and integrity.

This governance framework plays a pivotal role in aligning the organisation's operations with its long-term vision while maintaining prudent oversight over risk management practices. Through robust governance structures, the Company ensures that risks are identified, assessed, and mitigated in a timely and appropriate manner. Furthermore, enterprise governance ensures that the Company's financial, human, and physical resources are managed efficiently, ethically, and in a manner that delivers sustainable value to all stakeholders.

By embedding these principles into every level of decision-making, Kelani Cables PLC remains committed to promoting transparency, fostering stakeholder confidence, and ensuring long-term business resilience.

CORPORATE GOVERNANCE

COMPREHENSIVE GOVERNANCE FRAMEWORK AT KELANI CABLES PLC



A. BOARD OF DIRECTORS

A1. Board Leadership

Kelani Cables PLC is guided by a competent and dynamic Board of Directors, which plays a pivotal role in steering the Company towards sustainable growth and long-term value creation. The Board is presently comprised of the Chairman, Deputy Chairman, and three other distinguished Directors. Collectively, they bring a diverse blend of expertise, including professional acumen, strategic insight, and entrepreneurial experience gained over decades of involvement in various sectors of the corporate world.

As demonstrated in the individual profiles of the Board members, the Board's composition strikes a sensible balance between professional management capabilities and entrepreneurial vision. This diversity of perspectives significantly contributes to the formulation and execution of the Company's strategic objectives, while ensuring robust oversight and effective decision-making.

The Board assumes full responsibility for setting the strategic direction of the Company, establishing a sound risk management and internal control framework, and upholding the principles of good governance. In fulfilling its governance role, the Board remains accountable to all stakeholders and is committed to maintaining transparency, integrity, and accountability in all aspects of its conduct.

Moreover, the composition of the Board ensures a well-calibrated mix of independence and shareholder representation. This balance reinforces the Board's capacity to act objectively while remaining aligned with the long-term interests of the Company and its shareholders.

A1.1. Responsibilities of the Board

In accordance with Section A.1.2 of the Code of Best Practice on Corporate Governance, the Board of Directors of Kelani Cables PLC assumes collective responsibility for the overall performance

and long-term success of the Company. The Board provides enterprising and forward-looking leadership, underpinned by a robust framework of prudent and effective controls that enable the identification, assessment, and management of risks in a timely and strategic manner.

The Board plays a pivotal role in defining the Company's strategic vision and direction, ensuring the alignment of corporate objectives with sustainable value creation. It is also accountable for securing and allocating the necessary financial and human resources to support the execution of the Company's strategies. Furthermore, the Board continuously evaluates and oversees the performance and effectiveness of the executive management in the implementation of approved business plans and operational goals.

In fulfilling its governance mandate, the Board also establishes and upholds the Company's core values, ethical standards, and corporate principles. It ensures that the interests of shareholders, as well as those of other stakeholders including employees, customers, suppliers, and the broader community, are safeguarded and duly considered in all decision-making processes. Through this holistic approach, the Board remains steadfast in its commitment to promoting responsible corporate citizenship, maintaining transparency, and driving sustainable business growth.

In alignment with Section A.1.1 of the Code of Best Practice on Corporate Governance, the Board of Directors of Kelani Cables PLC convenes regular meetings on a monthly basis. During the financial year under review, twelve (12) Board meetings were held, ensuring consistent oversight and effective execution of the Board's responsibilities. Adequate time is allocated during each meeting to facilitate meaningful deliberations and decision-making on matters critical to the Company's strategic direction and operational performance.

	Formulating and overseeing the implementation of a robust business strategy
	Appointing the Chair and, where applicable, the Senior Independent Director
	Ensuring the management team have the requisite skills, experience, and knowledge to execute strategy
	Establishing and maintaining an effective succession plan for the key management personnel
	Approving annual budgets and significant capital expenditure decisions
	Defining matters reserved for the Board and delegating appropriate authority and financial powers to management
	Ensuring effective systems are in place to uphold the integrity of information, internal controls, cyber security, business continuity, and risk management
	Overseeing the development and implementation of an ICT roadmap aligned with the Company's strategy, and monitoring progress through the ICT dashboard
	Ensuring compliance with applicable laws, regulations, and ethical standards
	Considering the interests of all stakeholders in corporate decision-making
	Incorporating sustainable business practices and ESG risks and opportunities into the corporate strategy and decisions, including consideration of integrated reporting
	Establishing and promoting Company values and standards, including the adoption of appropriate accounting policies and adherence to financial regulations
	Monitoring and evaluating the progress of strategy implementation, budgets, plans, and associated risks

Directors have access to the advice and support of the Company Secretary as and when required. The Company Secretary plays a vital role in keeping the Board apprised of any developments in relevant laws, regulations, and compliance obligations, both individually and collectively, thereby facilitating informed and responsible governance.

A 1.2. Board Diversity

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

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

Comprehensive Board packs, including a clearly structured agenda and supporting documents, are circulated well in advance of each meeting. This enables Directors to thoroughly review all relevant information and engage constructively in discussions. Monthly management accounts, performance analyses, and variances against the approved budget are presented and reviewed at each meeting. Where necessary, corrective actions are identified and implemented promptly. In addition, Senior Management personnel are invited to present updates on their respective

operational areas, particularly when specific insights are sought by the Board.

The Board has unrestricted access to independent professional advice, at the Company's expense, when such expertise is deemed necessary for the discharge of its duties. During the year under review, professional advice was sought in areas including legal, taxation, company secretarial practices, and financial reporting, ensuring that Board decisions are well-informed and aligned with best practices.

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

To this end, Kelani Cables actively seeks to attract and appoint suitably qualified individuals from varied demographics and

CORPORATE GOVERNANCE

professional backgrounds, ensuring a balanced and high-performing Board that supports sustainable value creation.

A 1.3 .Dedication of Adequate Time and Effort

The Board of Directors of Kelani Cables PLC remains steadfast in its commitment to ensuring the highest standards of corporate governance and effective oversight. Each Director devotes sufficient time, attention, and diligence to the affairs of the Board and the Company, thereby contributing meaningfully to the formulation and execution of strategic objectives and the monitoring of corporate performance.

In addition to formal Board meetings, the Executive Directors maintain continuous and proactive engagement with the senior management team through regular interactions and strategic discussions. These engagements facilitate the timely flow of information, alignment of operational activities with corporate goals, and prompt decision-making where necessary.

A 1.4 Training for the Directors

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

A2. Chairman and Chief Executive Officer

Kelani Cables PLC adheres to the highest standards of corporate governance by maintaining a clear and well-defined division of responsibilities between

the Board of Directors and Executive Management. This structure is designed to ensure a robust system of checks and balances, thereby promoting effective oversight, accountability, and strategic guidance.

In line with Section A.2 of Code of Best Practice on Corporate Governance (2023), the roles of the Chairman and the Chief Executive Officer are distinctly separated. The Chairman is responsible for leading the Board and ensuring its effectiveness in all aspects of its role, while the Chief Executive Officer is entrusted with the responsibility for the day-to-day management and operational leadership of the Company. This separation of roles ensures that no one individual holds excessive decision-making authority and that a healthy balance of power and responsibility is maintained throughout the governance framework of the Company.

This clear demarcation fosters transparency, enhances the independence of the Board, and supports the long-term interests of shareholders and other stakeholders.

A3. Chairman's Role

The Chairman plays a pivotal role in upholding the highest standards of corporate governance within the Boardroom. He is entrusted with the responsibility of ensuring the effectiveness and integrity of the Board's operations by fostering a culture of constructive dialogue, mutual respect, and inclusiveness among all Directors both Executive and Non-Executive. The Chairman remains impartial in considering the views presented by individual Board members on all matters tabled for discussion, thereby ensuring that the Board collectively maintains full oversight and control over the affairs of the Company.

As the leader of the Board, the Chairman is instrumental in setting the strategic tone and direction of meetings. He is responsible for formulating a well-structured Board agenda and for ensuring

that Directors are adequately briefed and prepared in advance. This meticulous approach is intended to optimise the quality and efficiency of Board deliberations, while also facilitating decisions that are in the best interests of the Company and its diverse stakeholder groups.

In promoting transparency and accountability, the Chairman actively encourages the open expression of diverse viewpoints, including perspectives that may constructively challenge existing management assumptions. He is committed to fostering a Boardroom environment that values candid discussions and critical thinking, thereby enhancing the depth and quality of decision-making. Moreover, the Chairman plays a key role in cultivating a collaborative and trust-based relationship between Executive and Non-Executive Directors, further strengthening the governance framework and supporting the long-term sustainability of Kelani Cables PLC.

As per the Section A.3.1 of Code of Best Practice on Corporate Governance (2023), The main responsibilities of the Chairman are;

- Board meeting agendas are developed in consultation with the CEO, Directors, and the Company Secretary, covering key areas such as strategy, performance, risk, and compliance.
- Directors receive timely and detailed information to support effective decision-making.
- Clear communication is maintained regarding the roles, responsibilities, and governance structures of the Board and its committees.
- Active and balanced participation is encouraged from both Executive and Non-Executive Directors.
- Directors are empowered to request additional information or propose agenda items as necessary.
- A balance of power is maintained between Executive and Non-Executive Directors to ensure objective oversight.

- Director views are documented, and deliberations are transparently recorded in the meeting minutes.
- The Board maintains full control over the Company's affairs while remaining accountable to shareholders and stakeholders.

A4. Finance Acumen

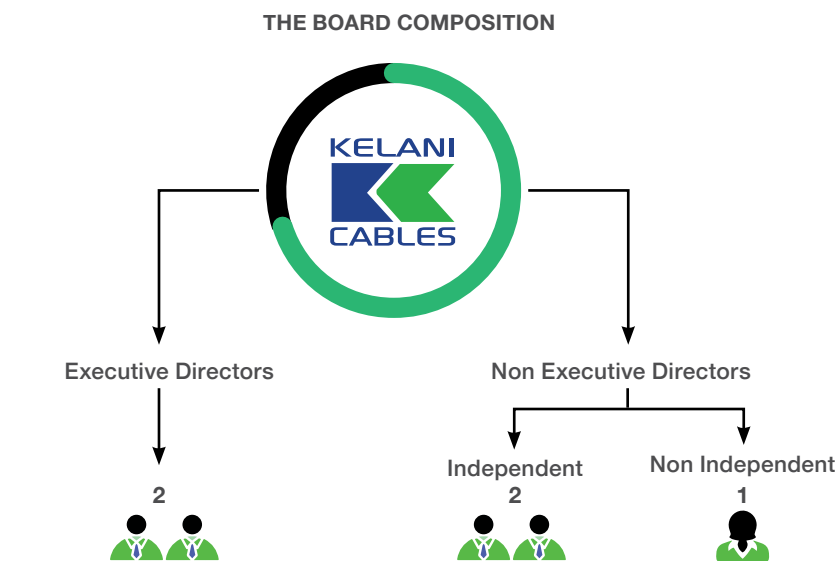
The Board of Kelani Cables PLC comprises professionals with extensive expertise in Corporate Finance, Financial Reporting, Auditing, Tax Planning, Treasury Operations, and Strategic Risk Oversight. This collective financial competence enables the Board to rigorously evaluate financial performance, ensure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

A 5. Board Balance

Kelani Cables PLC is firmly committed to maintaining a well-balanced, diverse, and professionally structured Board that reflects the highest standards of corporate governance. The Board is designed to uphold the principles of integrity, accountability, transparency, and effective oversight, ensuring that strategic leadership is aligned with the long-term interests of shareholders and all stakeholders.

As at the reporting date, the composition of the Board of Directors of Kelani Cables PLC is in full compliance with the provisions set out in Listing Rule No. 9.8.1 of the Colombo Stock Exchange (CSE) and Section A.5.1 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Board comprises a total of Five (05) Directors, of whom two (02) serve in an Executive capacity and the remaining three (03) serve in a Non-Executive capacity. Following a structured and comprehensive evaluation process, two (02) of the Non-Executive Directors have been formally designated as Independent



Non-Executive Directors, while the other has been designated as a Non-Executive Director. This classification has been made in alignment with the principles and criteria set out in the Code of Best Practice on Corporate Governance, ensuring a balanced and objective governance structure that facilitates independent oversight and strategic direction.

Although the Chairman of the Board functions in an Executive capacity and is therefore not classified as an Independent Director, the overall composition of the Board remains well-balanced. This structure enables the Board to exercise effective control over management while safeguarding objectivity and enhancing stakeholder confidence in the Company's governance processes.

The Board has conducted a formal and rigorous evaluation and has concluded that the two Independent Non-Executive Directors satisfy the independence criteria set out under Listing Rule No. 9.8.3 of the CSE and Section A.5.5 of the Corporate Governance Code. This determination is based on a thorough review of each Director's professional qualifications, affiliations, financial independence, and the absence of any business or other

relationships that could compromise their ability to exercise independent and impartial judgment.

The current composition of the Board not only meets regulatory and governance best practice requirements but also brings together a diverse mix of expertise, experience, and perspectives. This diversity strengthens the Board's collective ability to guide strategy, manage risk, and uphold the integrity of the Company's operations through a strong system of checks and balances.

Further details, including the names, qualifications, and professional profiles of the Board of Directors, are presented on pages 11 to 13 of this Annual Report.

A 6. Board Skills

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

CORPORATE GOVERNANCE

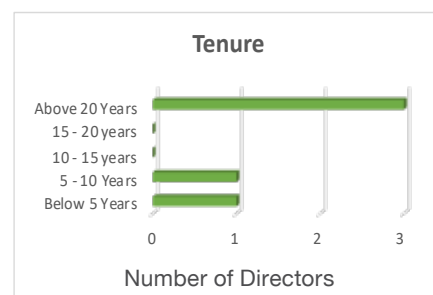
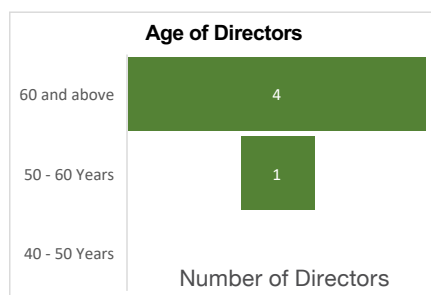
A 7. Diversity of the Board

GENDER DIVERSITY



Male - 4

Female - 1



A 8. BOARD INDEPENDENCE

Board independence remains a cornerstone of sound corporate governance and is a principle increasingly underscored by regulators, institutional investors, and corporate governance frameworks. At Kelani Cables PLC, we recognise that true independence transcends statutory definitions and must be operationalised through principled, consistent, and transparent governance practices.

In alignment with the Corporate Governance Code of Best Practice 2023, particularly Principal A.1.2 and its supporting guidelines, Kelani Cables PLC has embedded independent oversight throughout the governance structure. This is achieved through a rigorous

and transparent nomination process, formal independence assessments, comprehensive assurance mechanisms, and regular Board and committee evaluations. These mechanisms collectively ensure that independence is evaluated not only in form, but also in substance enabling a governance culture rooted in objectivity, ethical conduct, and accountability.

The Company is committed to fostering meaningful engagement by its Independent Non-Executive Directors, who play a pivotal role in shaping strategic direction and providing robust oversight. In keeping with Best Practice Guideline A.5.5 of the Corporate Governance Code and Rule No. 9.18.4 of the Listing Rules of the Colombo Stock Exchange, independent directors actively contribute through their leadership

roles on key Board Committees, as well as through periodic performance appraisals and structured Board discussions.

These ongoing efforts reflect Kelani Cables PLC's dedication to promoting a governance environment where independence is both demonstrable and effective. Such practices reinforce stakeholder confidence, mitigate conflicts of interest, and support the Company's long-term sustainability and performance.

During the year under review, the independence of all Independent Non-Executive Directors was formally assessed in accordance with established criteria and was confirmed by the Board based on the recommendations of the Nomination Committee.

A 9. Criteria for identifying the independence of the Independent Non-Executive Directors

Criteria for defining the independence	Status of Conformity of INED's
Shareholding carrying not less than 05 percent of voting rights	None of the individual INEDs' shareholdings exceed 1 percent
Income/non-cash benefits equivalent to 20 percent of the Director's annual income	INEDs income/cash benefits are less than 20 percent 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 INEDs are exceeding nine years, except for the Directors aforesaid under the Board balance note
Director of another company *	None of the INEDs are Directors of another related party company
Is employed, has a material business relationship and/ or significant shareholding in other companies. Entails other companies that have a significant shareholding in Kelani Cables PLC and/or Kelani Cables PLC has a business connection with	None of the NED/IDs are employed and have a material business relationship or a significant shareholding of another related party company as defined

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

A 10. Director’s Independence

DIRECTOR’S INDEPENDENCE AT A GLANCE

DEFINITION Independence is assessed in line with the Colombo Stock Exchange Listing Rules and Schedule “C” of the Corporate Governance Code	ASSESSMENT PROCESS • Conducted annually • Inputs: Annual declarations by Non-Executive Directors • Additional relevant disclosures • Who Assesses: An independent review is carried out by the Board of Directors
OUTCOME • No relationships or situations found • No factors affecting independence • Full compliance maintained during the review period	

A 11. Senior Independent Director (SID)

In accordance with the Listing Rule No. 9.6.3 and Section A.5.7 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, where the Chairman of the Board is not an Independent Director, the Board is required to appoint a Senior Independent Director (SID) from among the Independent Non-Executive Directors.

Given that the Chairman of Kelani Cables PLC does not meet the criteria of independence, the Board has appointed Mr. Deepal Sooriyaarachchi, an Independent Non-Executive Director, to serve as the Senior Independent Director. His appointment reinforces the Company’s commitment to ensuring balanced and independent oversight at the highest level of governance.

The Senior Independent Director plays a pivotal role in upholding the integrity of the Board’s decision-making process by providing an alternative channel of communication for Directors, shareholders including minority shareholders and other stakeholders, particularly in instances where it may not be appropriate to approach the Chairman directly. Furthermore, the SID contributes to maintaining an environment that encourages objective and independent judgment within the Boardroom and

ensures that no single individual exercises unfettered powers of decision-making.

The Board believes that the presence of a Senior Independent Director is an essential element of robust corporate governance and supports the Company’s

ongoing efforts to uphold transparency, accountability, and equitable stakeholder engagement.

The Kelani Cables PLC Senior Independent Director information has been disclosed in the annual report.

RESPONSIBILITIES OF THE SENIOR INDEPENDENT DIRECTOR
• Convene meetings of independent directors at least once a year • Report key observations and concerns from these meetings to the Chairman and the Board • Lead the annual appraisal of the Chairman’s performance • Hold a casting vote during the Chairman’s appraisal meeting • Disclose the outcome of the Chairman’s performance review in the Annual Report • Be available to other Directors for confidential discussions when they have unresolved concerns • Ensure that any unresolved concerns raised by Directors are documented in the Board minutes

A 12. Information to the Board

In compliance with Section A.6 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, Kelani Cables PLC ensures that its Board is equipped with timely and accurate information, presented in a manner and quality that enables the effective discharge of its governance responsibilities.

Structured procedures are in place to facilitate the flow of information to the Board on a regular basis. Board and Committee agendas are prepared with clarity and supported by comprehensive documentation and briefing papers, which include specific guidance on content and context to support informed deliberation and decision-making.

CORPORATE GOVERNANCE

A 13. Appointment to the Board

Kelani Cables PLC is committed to upholding a formal, transparent, and structured process for the appointment of Directors to the Board, ensuring alignment with both regulatory requirements and the Company's strategic objectives.

Appointments to the Board are made through a robust evaluation process conducted by the Nominations and Governance Committee. This process considers the optimal Board composition required to effectively steer the Company, with specific attention to the skill sets, experience, and strategic insight necessary to support the Company's long-term growth. All appointments are made in accordance with the Company's Articles of Association and relevant provisions of the Companies Act, and are duly communicated to the Securities and Exchange Commission of Sri Lanka in compliance with prevailing regulatory requirements.

During the financial year 2024/25, Mr. Yudhishtan Kanagasabai was appointed to the Board as an Independent Non-Executive Director, with effect from 23rd July 2024. His appointment reflects the Company's continued focus on strengthening governance and ensuring diverse, independent perspectives in Board deliberations.

Comprehensive profiles of all Directors, including their professional qualifications, experience, and other Board representations, are presented in the Directors' Profiles section of this Annual Report. Further, details of new Board appointments are disclosed to shareholders at the time of appointment through formal public announcements and appropriately communicated in the Annual Report.

A 14. Retirement and Re-Election

In adherence to sound corporate governance practices and in accordance with the Company's Articles of Association,

all Directors are required to submit themselves for re-election at regular intervals to ensure accountability and the ongoing refreshment of Board composition.

During the financial year 2024/25, Dr. C. T. S. Bandula Perera retired from the Board with effect from 21st August 2024, and the Board extends its sincere appreciation for his valuable contribution during his tenure.

As stipulated in the Articles of Association, every Director appointed to the Board is subject to election by shareholders at the first Annual General Meeting (AGM) following their appointment. Thereafter, one-third of the Directors excluding the Chairman and Deputy Chairman retire by rotation each year. The Directors eligible for retirement are those who have served the longest period since their last election. These Directors may offer themselves for re-election, subject to the recommendation of the Nominations and Governance Committee, which evaluates their continued suitability to serve on the Board.

In line with Section 210 of the Companies Act No. 07 of 2007, any Director who attains the age of 70 years is required to be re-elected by shareholders through a substantive motion proposed by a member of the Company. This ensures ongoing compliance with regulatory requirements while retaining the expertise of experienced Board members.

Details of the Directors who are subject to re-election at the forthcoming AGM, including their professional profiles and contributions to the Company, are set out in the Directors' Profile section of this Annual Report.

A 15. Appraisal of Board Performance

In line with section A.9 of the Code of Best Practice on Corporate Governance, the Board of Directors of Kelani Cables PLC is committed to ensuring the effective discharge of its duties and responsibilities. As part of this commitment, the Board conducts an annual self-evaluation process

to appraise its collective performance as well as the performance of its subcommittees.

This structured assessment enables the Board to reflect on its effectiveness in key areas including strategic oversight, governance, risk management, and stakeholder engagement. The evaluation process facilitates the identification of opportunities for improvement and reinforces accountability, ensuring that the Board continues to operate at a high standard in fulfilling its fiduciary and strategic obligations.

A 16. Disclosure of Information in Respect of Directors

In adherence to the Section A.10 the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Listing Rule No. 9.10.4, detailed information pertaining to each member of the Board of Directors is disclosed in the Annual Report for the benefit of shareholders and stakeholders. This includes the full name, academic and professional qualifications, a concise professional profile, specific areas of expertise, and a listing of directorships held in other companies. These particulars are presented under the "Directors' Profiles" section of this Report.

In accordance with regulatory requirements and best governance principles, Directors' interests in contracts or arrangements with the Company are disclosed in detail on pages 158 to 161 of this Report.

The Board of Directors convenes on a monthly basis to review the Company's operational and financial performance, deliberate on strategic matters, and provide overall direction to management. Board and Subcommittee meetings are scheduled well in advance to ensure the effective participation of all Directors. Attendance at these meetings is a key priority for each member; however, on limited occasions, absence was due to unavoidable business engagements, personal reasons, or medical grounds.

The table below outlines the attendance record of each Director at Board and respective Subcommittee meetings during the financial year under review, reflecting their commitment to governance and oversight responsibilities.

Name of the Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	RPTR Committee Meetings	Nomination and Governance Committee Meetings
Executive Directors					
Mr. U. G. Madanayake - Chairman	12/12	-		-	
Mr. Suren Madanayake – Deputy Chairman	12/12	4/4		4/4	
Mr Mahinda Saranapala (Resigned w.e.f. 30.04.2024)	01/12			-	
Non-Executive Directors					
Mrs. N.C. Madanayake	7/12	0/4			
Independent Non-Executive Director					
Mr. Yudhishtan Kanagasabai (Appointed w.e.f. 23.07.2024)	9/12	3/3	1/2	3/3	1/1
Dr. C. T. S. Bandula Perera (Resigned w.e.f. 21.08.2024)	4/12	0/1		-	
Senior Independent Director					
Mr. Deepal Sooriyaarachchi	10/12	4/4	1/2	3/3	1/1
Independent Non-Executive Directors from the parent company					
Mr. Ajit Jayarathne (Resigned w.e.f. 30.09.2024)		1/1	1/2	1/1	
Mr Rajiv Casie Chitty (Resigned w.e.f. 30.09.2024)			1/2	1/1	

A 17. The Total Number of Board Seats (Excluding Kelani Cables PLC) Held by each Director as of 31st March 2025

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

Name of the Director	No. of Board seats – Listed Companies	
	Executive	Non-Executive
Mr. U. G. Madanayake	2	1
Mr. H. A. S. Madanayake	2	3
Mrs. N. C. Madanayake	-	2
Mr. Yudhishtan Kanagasabai	-	3
Mr. Deepal Sooriyaarachchi	-	4

B. DIRECTORS' REMUNERATION

B1. Directors' Remuneration

Kelani Cables PLC is committed to upholding a formal, transparent, and well-governed process in determining the remuneration framework for its Board of Directors. In alignment with best practices in corporate governance, the Company has established a Remuneration Committee mandated to develop and oversee a structured policy on executive remuneration. This policy ensures that remuneration packages are competitive, performance-linked, and aligned with the strategic objectives of the Company, while also safeguarding shareholder interests.

CORPORATE GOVERNANCE

The Remuneration Committee is solely responsible for determining the remuneration of all Directors, including Executive and Non-Executive members, ensuring objectivity and fairness. Importantly, no Director is involved in the decision-making process concerning his or her own remuneration, thereby reinforcing independence, avoiding conflicts of interest, and promoting accountability in the governance process.

B2. Level and Make-up of Remuneration

Kelani Cables PLC recognises that an effective Board comprising individuals with the requisite experience, expertise, and commitment is essential for the sustained success of the Company. Accordingly, the level of remuneration offered to both Executive and Non-Executive Directors is designed to attract and retain individuals of high calibre, capable of steering the Company towards its strategic objectives.

The remuneration framework for Executive Directors includes a performance-linked component, aligning their rewards with both corporate achievements and individual contributions. This structure ensures a strong alignment between executive incentives and shareholder interests.

The Remuneration Committee, whose composition and responsibilities are detailed within this Annual Report, oversees all aspects of remuneration governance. It ensures that remuneration policies remain fair, competitive, and aligned with best practices in corporate governance.

Non-Executive Directors receive a fixed fee for their participation in monthly Board Meetings. The Chairman and Deputy Chairman have continued to serve in an honorary capacity, with remuneration limited to meeting attendance fees during the financial year under review. This approach reflects their commitment to the Company's values and long-term vision.

The remuneration paid to the Managing Director is disclosed in the respective

section of this Report. It should also be noted that the Company has not implemented an employee share option scheme during the year under review.

B3. Disclosure of Remuneration

In adherence to good corporate governance practices and regulatory requirements, Kelani Cables PLC ensures transparency in the disclosure of Board remuneration. The Annual Report includes a clear and concise Statement of Remuneration Policy, which outlines the guiding principles and frameworks governing the determination of remuneration for the Board of Directors.

The Company is committed to maintaining a fair, competitive, and performance-linked remuneration structure that aligns with shareholder interests and supports the attraction and retention of experienced and qualified Board members. The remuneration framework for Executive and Non-Executive Directors is designed to reflect the scope of their responsibilities and the time and expertise they contribute to the Company.

The aggregate remuneration paid to Executive and Non-Executive Directors during the financial year is disclosed in detail on page 133 of this Report.

C. RELATIONSHIP WITH SHAREHOLDERS

C1. Meeting with Shareholders

In alignment with Section C.1 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, Kelani Cables PLC recognises the Annual General Meeting (AGM) as a critical forum for ensuring transparency, accountability, and meaningful engagement with its shareholders. The Company is deeply committed to upholding the principles of good governance by facilitating open and constructive dialogue during the AGM. Through this platform, shareholders are encouraged to actively participate in the decision-making process, raise queries, and voice their perspectives on matters

pertaining to the Company's performance, strategic direction, and governance practices. This commitment reinforces the Company's dedication to maintaining strong stakeholder relationships and promoting long-term value creation.

In line with this commitment, the AGM, together with the Company's published reports, serves as a key mechanism to disseminate information, solicit shareholder views, and promote inclusive decision-making. The Board of Directors places significant emphasis on maintaining a strong, trust-based relationship with shareholders, which is considered fundamental to the long-term success of the Company.

All members of the Board are present at the AGM and remain available to address any queries or concerns raised by shareholders, thereby reinforcing transparency and accountability. In accordance with best governance practices, the Notice of Meeting along with all relevant documentation is dispatched to shareholders at least 15 working days in advance, enabling informed participation.

C2. Communication with Shareholders

According to the Section C.2 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, Kelani Cables PLC upholds a strong commitment to transparent, timely, and effective communication with its shareholders. The Company firmly believes that meaningful shareholder engagement is a fundamental pillar of robust corporate governance and long-term value creation.

These include the timely publication of audited annual financial statements, quarterly financial results, corporate announcements, press releases, and other statutory disclosures submitted to the Colombo Stock Exchange (CSE). The Annual Report for the financial year ended 31st March 2025 has been made accessible to all shareholders via the Company's official website, ensuring ease of access and broad dissemination.

The Company values shareholder input and actively encourages participation at the Annual General Meeting (AGM), which serves as a vital platform for dialogue. Shareholders are invited to raise questions, voice concerns, and offer suggestions on matters affecting the Company. The Board is committed to addressing all legitimate shareholder queries and concerns in a timely and transparent manner. Responses to formal shareholder correspondence are coordinated by the Company Secretary, under the direction of the Board, and communicated promptly to the respective shareholder.

For shareholder-related matters, the designated point of contact is the Company Secretary. In their absence, shareholders may direct their inquiries to the Chief Executive Officer or the Deputy Chairman, who will ensure that matters are addressed with the appropriate level of attention and confidentiality.

C3. Major and Material Transactions

In adherence to Section C.3 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the Board of Directors of Kelani Cables PLC remains firmly committed to upholding the principles of transparency, accountability, and good governance.

Consistent with these principles, the Board ensures the full, accurate, and timely disclosure of all proposed material transactions that may have a significant impact on the Company's net asset base. Such disclosures are made with the objective of enabling shareholders to make well-informed decisions by providing clear visibility into any transaction that could materially influence the Company's financial position, operational performance, or strategic direction.

This approach reflects the Company's unwavering dedication to maintaining the highest standards of corporate governance and fostering investor confidence through openness and integrity in all corporate dealings.

For the financial year ended 31st March 2025, the Board confirms that there were no materially significant related-party transactions or relationships between the Company and its Directors, subsidiaries, or other related parties, other than those disclosed in the Notes to the Financial Statements. All related-party transactions have been conducted on terms equivalent to those prevailing in arm's length transactions and have been subject to the oversight of the Board to ensure fairness, transparency, and regulatory compliance.

D. ACCOUNTABILITY AND AUDIT

D1. Financial Reporting

In line with Section D.1 of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka, the Board of Directors of Kelani Cables PLC is committed to presenting a balanced, accurate, and comprehensible assessment of the Company's financial position, performance, and future prospects. This principle is upheld across all reporting mechanisms and disclosures made to stakeholders.

The Board, through the oversight of senior management, assumes full responsibility for the preparation and fair presentation of the Consolidated Financial Statements of the Company and its subsidiary, in compliance with the Sri Lanka Accounting Standards (SLFRSs and LKASs). This responsibility encompasses the design, implementation, and maintenance of effective internal controls that are deemed necessary to ensure the integrity of the financial reporting process. It also involves the prudent selection and consistent application of appropriate accounting policies, alongside the use of reasonable and informed estimates and judgments.

A comprehensive analysis of the Company's financial and operational performance for the year under review is presented in the Financial Review on pages 118 to 171. Further insights into the strategic direction and business performance are provided in the

Chairman's Message and Chief Executive Officer's Review, featured on pages 6 to 10, as well as the Annual Report of the Board of Directors on the Affairs of the Company, set out on pages 104 to 107.

The Statement of Directors' Responsibility for Financial Reporting is included on page 110, affirming the Board's commitment to transparency and accountability in financial stewardship. The Independent Auditors' Report on the financial statements for the year ended 31st March 2025 is provided on pages 112 to 115, offering an independent opinion on the Company's compliance with the applicable financial reporting standards and statutory requirements.

D2. Internal Controls

The Board of Directors of Kelani Cables PLC affirms its ultimate responsibility for establishing and maintaining a sound and effective system of internal controls, which is essential for safeguarding shareholders' interests, preserving the Company's assets, and ensuring the reliability and integrity of financial and operational reporting.

In alignment with Section D.2 of the Code of Best Practice on Corporate Governance (2023), the Board has adopted a structured governance framework that fosters continuous effectiveness. This includes equipping Directors with ongoing access to relevant information, knowledge resources, and professional development opportunities, enabling them to discharge their oversight responsibilities over internal controls with diligence and competence.

The internal control framework of the Company is designed to:

- Ensure the accuracy, completeness, and timeliness of financial reporting;
- Promote adherence to all applicable laws, regulatory requirements, and internal policies;
- Prevent and detect instances of fraud, misstatements, and operational irregularities;

CORPORATE GOVERNANCE

- Facilitate informed decision-making through reliable and timely operational and management information; and
- Maintain operational efficiency and effectiveness across business processes.

This system of internal control is integrated into all levels of the organisation and embedded within routine operational activities. It is subject to periodic evaluation for adequacy and effectiveness by the Audit Committee, which exercises independent oversight. The Committee is vested with the authority to report any significant control deficiencies, operational anomalies, or emerging risks to the Board for timely and appropriate action.

The Company acknowledges that while the internal control system is designed to manage and mitigate risks associated with the achievement of business objectives, it cannot entirely eliminate such risks. Accordingly, it offers reasonable, though not absolute, assurance against material financial misstatements, losses, or operational disruptions.

D3. Statutory Compliance

As part of the Company's commitment to robust governance and regulatory integrity, the Group Risk and Control function conducted comprehensive quarterly compliance reviews to evaluate adherence to statutory obligations, regulatory requirements, and internal policies. These reviews form an integral component of the Company's internal control environment, enabling early identification of material deviations and facilitating proactive risk mitigation.

To further strengthen transparency and accountability, a structured compliance dashboard was developed and presented at each scheduled meeting of the Audit Committee. This dashboard provided a consolidated view of key compliance observations, status updates, and notable exceptions. Additionally, formal compliance declarations were obtained from the respective accountable officers, affirming

their adherence to all relevant laws, regulations, and internal protocols.

This structured and disciplined approach reinforces a culture of compliance across the organisation and underpins Kelani Cables PLC's unwavering dedication to governance excellence and ethical business conduct.

D4. Segregation of Duties

The Kelani Cables PLC remains acutely cognizant of the imperative to mitigate risks arising from excessive or inappropriate system access privileges, particularly in an environment where the growing reliance on integrated financial systems and enterprise-wide technologies can inadvertently introduce vulnerabilities. In this context, the principle of Segregation of Duties (SoD) is a cornerstone of our internal control framework, designed to prevent the occurrence of fraud, material misstatements, and the potential manipulation of financial information. These risks become particularly pronounced when a single individual is granted the authority to initiate, authorise, and execute transactions across interdependent business functions.

The Company acknowledges that while a complete elimination of SoD conflicts may not be practicable-given the inherent trade-offs between control and operational efficiency-proactive measures are continually undertaken to identify, assess, and mitigate such risks. This includes periodic reviews of user access rights, evaluation of control deficiencies, and implementation of compensating controls where necessary. The cost-benefit rationale remains a guiding principle in determining the extent and nature of remediation strategies, ensuring that controls are both effective and efficient.

During the reporting period, no material SoD conflicts were identified, affirming the adequacy of the Group's current control environment and its alignment with best practices in governance and risk management.

D5. Whistle Blower Policy

In alignment with Section D.6.4 of the Code of Best Practice on Corporate Governance (2023), Kelani Cables PLC has instituted a robust and comprehensive whistle-blower policy designed to uphold the highest standards of integrity, transparency, and accountability across the Group. This policy provides a structured and confidential platform through which employees and other stakeholders may raise concerns relating to unethical conduct, regulatory non-compliance, or any other matters that could adversely impact the organisation's governance framework.

The policy ensures a secure and non-retaliatory environment for whistle-blowers, explicitly protecting individuals who disclose information in good faith from any form of reprisal, discrimination, or adverse employment consequences. This commitment reflects the spirit and intent of the aforementioned governance guideline, which underscores the importance of protecting whistle-blowers to strengthen organisational ethics and public trust.

Furthermore, the policy sets out a clearly defined escalation process, detailing the procedures for lodging concerns and the internal protocols for assessing, investigating, and resolving reported issues. Each disclosure is treated with the utmost confidentiality, and investigations are conducted in an impartial, timely, and thorough manner to ensure fairness and objectivity.

By embedding this policy into the Group's corporate governance framework, Kelani Cables PLC not only fulfils regulatory expectations but also reinforces its long-standing commitment to ethical conduct. The policy actively promotes a culture where transparency is valued, and concerns can be raised freely, thereby cultivating a workplace environment anchored in trust, responsibility, and continuous improvement.

E. BOARD SUB-COMMITTEES

The Board has delegated some of its functions to Board Sub-Committees, whilst retaining final decision rights. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The four Board Sub-Committees are as follows:

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

Sub-Committee	Areas of Oversight
Audit Committee	- Evaluating the integrity of financial statements and adequacy of internal controls - Oversight of external audit processes, including appointment, independence, and performance of external auditors - Oversight of internal audit functions and reviewing internal audit plans and findings - Monitoring effectiveness of risk management systems and internal control frameworks - Ensuring compliance with legal and regulatory requirements related to financial reporting
Related Party Transactions Review Committee	- Reviewing, monitoring, and approving transactions with related parties as defined under LKAS 24 and CSE Listing Rules - Ensuring related party transactions are conducted on an arm's length basis and in the best interests of the Company - Disclosing related party transactions in accordance with regulatory requirements - Advising the Board on necessary measures to mitigate conflicts of interest
Remuneration Committee	- Establishing and reviewing the remuneration policy for the Company, with particular focus on Key Management Personnel - Setting goals, targets, and performance benchmarks for Key Management Personnel - Reviewing and approving annual salary increments, bonuses, and long-term incentive schemes - Ensuring remuneration structures promote long-term shareholder value and align with market best practices
Nominations and Governance Committee	- Identifying, evaluating, and recommending candidates for Board and senior management appointments - Overseeing Board succession planning and ensuring an appropriate mix of skills, diversity, and independence - Monitoring Board and Committee performance evaluations and recommending improvements - Reviewing and updating corporate governance policies to align with emerging best practices - Ensuring continuous professional development and training for Directors

CORPORATE GOVERNANCE

E1. Audit Committee

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

The composition of the Audit Committee complies with the requirement to consist of either a minimum of two (02) Independent Non-Executive Directors or a majority of Non-Executive Directors, of whom the greater number shall be independent whichever provides a higher threshold. This structure is intentionally designed to ensure that the Committee performs its duties with objectivity, transparency, and integrity, in alignment with best governance practices.

During the financial year 2024/25, changes to the composition of the Audit Committee were effected in accordance with Section 9.10.3 of the CSE Listing Rules and as part of the Company's broader Board restructuring and governance enhancement initiatives.

As part of these changes, Mr. Ajit Jayaratne Independent Non-Executive Director of the parent company relinquished his role as Chairman and member of the Audit Committee. The Board of Directors places on record its sincere appreciation for Mr. Jayaratne's invaluable contributions and dedicated service to the Committee during his tenure.

In line with the governance requirements set out under CSE Listing Rule 9.13.3 and the principles of corporate governance which emphasise that the Audit Committee must be chaired by an Independent Non-Executive Director, the Board appointed Mr. Yudhishtan Kanagasabai, Independent Non-Executive Director, as Chairman of the Audit Committee with effect from 1st October 2024. This appointment underscores the Company's continued commitment to maintaining the highest

standards of regulatory compliance and independent oversight.

Mr. Deepal Sooriyaarachchi, Independent Non-Executive Director, continued to serve on the Committee throughout the year, further contributing to its robust governance framework. Meanwhile, Dr. Bandula Perera, Independent Non-Executive Director, ceased to serve as a member of the Audit Committee effective 30th September 2024. The Board extends its gratitude to Dr. Bandula Perera for his significant contributions to the Audit Committee.

To further strengthen the Committee's expertise and oversight capabilities, Mrs. N. C. Madanayake, Non-Executive Director, was appointed as a member of the Audit Committee with effect from 1st October 2024.

These appointments and transitions reinforce Kelani Cables PLC's steadfast dedication to upholding audit quality, financial discipline, and corporate governance excellence in line with both statutory obligations and evolving stakeholder expectations.

Further details of the Audit Committee are given in their report on pages 98 to 99.

E2. Related Party Transactions Review Committee

In alignment with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange and Section D.5 of the Code of Best Practice on Corporate Governance 2023, Kelani Cables PLC has constituted a Related Party Transactions Review Committee (RPTRC). The Committee plays a pivotal role in ensuring that all related party transactions are conducted in a fair, transparent, and arm's length manner, thereby safeguarding the interests of shareholders and reinforcing the Company's commitment to robust corporate governance.

The RPTRC is entrusted with the responsibility of reviewing, approving, and recommending related party transactions, in strict accordance with applicable

regulatory frameworks. This ensures that all transactions involving related parties are undertaken with the highest degree of integrity and accountability.

The composition of the Committee fully complies with the Listing Rules of the Colombo Stock Exchange. As per regulatory guidelines, the RPTRC comprises a minimum of three Directors, with at least two being Independent Non-Executive Directors. Executive Directors may be appointed at the discretion of the Board. Importantly, the Committee is chaired by an Independent Non-Executive Director, a structure that reinforces its independence and objectivity.

During the year under review, there were significant changes in the Committee's composition. Mr. Ajit Jayaratne, Independent Non-Executive Director of the parent company resigned from his position as Chairman and member of the RPTRC. The Board wishes to place on record its sincere appreciation for Mr. Jayaratne's invaluable contribution, leadership, and unwavering dedication in strengthening the governance surrounding related party transactions during his tenure.

Following this transition and in strict adherence to Rule 9.14.2 of the CSE Listing Rules, which mandates that the RPTRC be chaired by an Independent Non-Executive Director, the Board appointed Mr. Deepal Sooriyaarachchi, Senior Independent Non-Executive Director, as the new Chairman of the Committee effective 1st October 2024. This appointment reflects the Company's steadfast commitment to maintaining a governance framework that meets the highest standards of transparency and regulatory compliance.

Further enhancing the Committee's composition, Mr. Yudhishtan Kanagasabai, Independent Non-Executive Director, was appointed as a member of the RPTRC, also with effect from 1st October 2024. Mr. Kanagasabai brings a breadth of experience and strong independent judgment to the Committee, significantly augmenting its oversight capabilities.

Concurrently, Mr. Rajiv Casie Chitty, Independent Non-Executive Director of the parent company, stepped down from the Committee with effect from 30th September 2024. The Board extends its sincere thanks to Mr. Casie Chitty for his dedicated service and valuable insights during his tenure on the Committee.

Mr. Suren Madanayake, Executive Director, continues to serve on the RPTRC, contributing operational insight and strategic perspective to the Committee's deliberations. The current composition of the RPTRC is well-balanced and structured to ensure independent, rigorous, and effective review of all related party transactions.

These changes reaffirm Kelani Cables PLC's unwavering dedication to upholding the highest standards of good governance, ethical conduct, and regulatory compliance. The Board remains fully committed to strengthening the Company's governance structures in line with evolving best practices, thereby enhancing stakeholder trust and long-term corporate value.

Further details of the Related Party Transactions Review Committee are given in their report on pages 101 to 102.

E3. Remuneration Committee

The Remuneration Committee of Kelani Cables PLC is constituted in accordance with Section B.2 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Rule No. 9.12 of the Listing Rules of the Colombo Stock Exchange. The Committee is entrusted with the responsibility of formulating and recommending to the Board a fair, transparent, and performance-driven remuneration policy for Executive Directors and Senior Management. This policy is designed to align with the long-term interests of shareholders while promoting ethical conduct, accountability, and sustained value creation.

In adherence to sound corporate governance principles, the Committee comprises a minimum of three Directors, the majority of whom are Independent Non-Executive Directors. Executive Directors are not members of the Committee, and the Chairperson is appointed from among the Independent Non-Executive Directors. The composition of the Committee during the year under review conformed to these governance standards, ensuring independence and objectivity in all deliberations and decisions.

During the first half of the financial year 2024/25, Mr. Ajit Jayaratne, Non-Executive Director of the parent company, stepped down from his roles as Chairman and member of the Remuneration Committee. The Board places on record its sincere appreciation for Mr. Jayaratne's exemplary service, strategic foresight, and steadfast commitment to good governance throughout his tenure.

In accordance with Rule 9.12.6 of the Listing Rules, which mandates that the Remuneration Committee be chaired by an Independent Non-Executive Director, the Board appointed Mr. Yudhishtan Kanagasabai, Independent Non-Executive Director, as Chairman of the Remuneration Committee with effect from 1st October 2024. This appointment reflects the Company's unwavering dedication to upholding the highest standards of governance, ethical leadership, and regulatory compliance.

To further strengthen the independence, diversity, and effectiveness of the Committee, Mr. Deepal Sooriyaarachchi, Senior Independent Non-Executive Director, was appointed as a member of the Remuneration Committee, also with effect from 1st October 2024. Mr. Sooriyaarachchi's deep expertise and independent judgment are expected to add significant value to the Committee's oversight responsibilities.

Simultaneously, Mr. Rajiv Casie Chitty, Non-Executive Director of the parent company, relinquished his role as a member of the Committee with effect from 30th September 2024. The Board extends its gratitude to Mr. Casie Chitty for his active engagement and valuable contributions to the Committee's work during his tenure.

Furthermore, the Board is pleased to announce the appointment of Mrs. N. C. Madanayake, Non-Executive Director, to the Remuneration Committee effective from 1st October 2024. Her appointment enriches the Committee's diversity of thought and experience, reinforcing Kelani Cables PLC's commitment to inclusivity and strong governance.

The Committee met as required during the year to review and recommend a balanced and competitive remuneration framework that incorporates both fixed and variable performance-based components. These recommendations are intended to attract, retain, and motivate a high-calibre leadership team, while ensuring alignment between individual performance, corporate strategy, and long-term shareholder value.

Further details of the Remuneration Committee are given in their report on page 100.

E4. Nominations and Governance Committee.

The Nominations and Governance Committee of Kelani Cables PLC has been duly constituted in alignment with Sections A.7 and A.8 of the Code of Best Practice on Corporate Governance (2023), as issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with Rule 9.11 of the Listing Rules of the Colombo Stock Exchange (CSE).

In accordance with these regulatory requirements, the Committee is structured to comprise a minimum of three Directors, the majority of whom are Independent Non-Executive Directors. Notably, the

CORPORATE GOVERNANCE

governance framework prohibits Executive Directors from serving on the Committee, and mandates that the Chairperson must be an Independent Non-Executive Director appointed by the Board.

In compliance with the aforementioned Code and CSE Listing Rules, Kelani Cables PLC formally established the Nominations and Governance Committee with effect from 1st October 2024.

Pursuant to CSE Listing Rule 9.11.4, the Board appointed Mr. Deepal Sooriyaarachchi, Senior Independent Non-Executive Director, as Chairman of the Committee, effective from the date of its establishment. Simultaneously, Mr. Yudhishtan Kanagasabai, Independent Non-Executive Director, was appointed as a committee member, thereby reinforcing the independence, objectivity, and governance leadership of the Committee.

Further enhancing the Committee's diversity, expertise, and depth of insight, the Board appointed Mrs. N. C. Madanayake, Non-Executive Director, to the Committee effective 1st October 2024. Her inclusion reflects the Company's continued commitment to inclusive governance, balanced board representation, and the promotion of a resilient and future-ready Board composition.

Collectively, these appointments reaffirm Kelani Cables PLC's steadfast dedication to maintaining the highest standards of corporate governance, transparency, and strategic oversight. During the year under review, the Nominations and Governance Committee convened as required to execute its core responsibilities, including:

- Overseeing Board and senior management succession planning,
- Evaluating the independence and performance of Directors,

- Ensuring the Board composition remains aligned with the evolving strategic priorities of the Company, and
- Promoting diversity, competence, and integrity at the leadership level.

The Committee remains unwavering in its commitment to fostering a culture of governance excellence, ensuring that the Board of Directors continues to serve the long-term interests of shareholders and all other stakeholders with independence, accountability, and strategic foresight.

Further details of the Nominations and Governance Committee are given in their report on page 103.

F. CODE OF BUSINESS CONDUCT & ETHICS

The Company has adopted a Code of Business Conduct and Ethics applicable to its Directors, Senior management & its employees, promoting integrity and ethical leadership. Kelani Cables PLC also aligns

its governance practices with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and complies with the Listing Rules of the Colombo Stock Exchange.

F1. Corporate Governance Disclosures

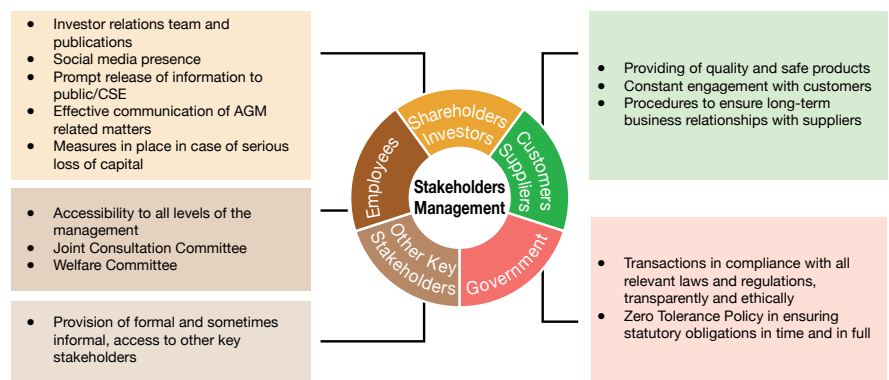
In line with best practices and regulatory expectations, the Board of Directors is committed to upholding the highest standards of corporate governance. As such, the Directors have a responsibility to disclose the extent to which the Company aligns with the established principles and recommended practices of good governance.

Accordingly, Kelani Cables PLC has adhered to the Corporate Governance principles outlined in this Report. These principles have been embedded within the Company's governance framework, ensuring transparency, accountability, and ethical conduct across all levels of the organisation.

G. INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

G1. Stakeholder Management and Effective Communication

Kelani Cables PLC remains committed to fostering strong, transparent, and mutually beneficial relationships with all its stakeholders. In alignment with our core values and governance principles, the Company has adopted a structured and proactive stakeholder management approach, underpinned by a variety of communication channels tailored to meet the expectations and interests of each stakeholder group.



G2. Institutional Investors

Kelani Cables PLC recognises the vital role of institutional shareholders in promoting effective corporate governance. Institutional investors are expected to exercise their voting rights in a responsible and informed manner, ensuring that their voting intentions are appropriately translated into action. The Company encourages such shareholders to critically assess all relevant factors, particularly those concerning Board structure and composition, when evaluating the Company's governance framework.

H. IT GOVERNANCE & CYBERSECURITY

In an increasingly digitalised and interconnected global landscape, strong IT governance and a resilient cybersecurity framework have become indispensable components of sound corporate governance. At Kelani Cables PLC, we acknowledge that the effective oversight and strategic management of our information technology assets are critical to ensuring operational resilience, business continuity, and the sustained trust of our stakeholders.

In alignment with Section G of the Code of Best Practice on Corporate Governance (2023) and the applicable Listing Rules of the Colombo Stock Exchange, the Board of Directors assumes ultimate responsibility for the governance of information and communication technology across the organisation.

Kelani Cables PLC remains firmly committed to protecting its digital infrastructure and data assets. Through the enforcement of stringent cybersecurity protocols, regular audits, and employee awareness initiatives, the Company fosters a culture of digital responsibility while enabling technological innovation. These efforts collectively support our broader goal of creating sustainable, technology-enabled value for all stakeholders.

I. SUSTAINABILITY: ESG RISKS AND OPPORTUNITIES

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

Further details of the ESG risk and opportunities are given in their report on pages 87 to 89.

I 1. Governance and Oversight

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

I 2. Continuous Improvement and Future Commitments

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

- Regularly reviewing and updating our ESG policies and procedures.
- Setting measurable ESG targets and monitoring progress.
- Providing training and capacity-building programs for employees on ESG topics.
- Exploring opportunities for sustainable finance, such as green bonds, to fund environmentally beneficial projects.

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

J. LIST OF POLICIES ESTABLISHED AND MAINTAINED BY KELANI CABLES PLC IN COMPLIANCE WITH CSE LISTING RULE NO. 9.2.1

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

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

- (a) Policy on the matters relating to the Board of Directors
- (b) Policy on Board Committees
- (c) Policy on Corporate Governance, Nominations and Re-election
- (d) Policy on Remuneration
- (e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- (f) Policy on Risk Management and Internal Controls
- (g) Policy on Relations with Shareholders and Investors

CORPORATE GOVERNANCE

- (h) Policy on Environmental, Social and Governance Sustainability
- (i) Policy on Control and Management of Company Assets and Shareholder Investments
- (j) Policy on Corporate Disclosures
- (k) Policy on Whistle-blowing
- (l) Policy on Anti-Bribery and Corruption

K. CORPORATE GOVERNANCE CHECK LIST

K 1. Statement of Compliance to the Companies Act No. 7 of 2007

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

K 2. Statement of Compliance Under Section 7.6 Of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Rule	Requirement	Compliance Status	Reference within the Report
7.6 (i)	Names of the Directors of the Entity with profiles	Yes	Board of Directors
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Report of the Directors
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Investors' Information
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Yes	Investors' Information
7.6 (v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	Report of the Directors
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk Management Note
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Notes to the Financial Statements
7.6 (viii)	Extents, locations, valuations, and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statements
7.6 (ix)	Number of shares representing the Entity's stated capital	Yes	Notes to the Financial Statements
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Investors' Information
7.6 (xi)	Financial ratios and market price information	Yes	Investors' Information
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statements
7.6 (xiii)	Details of funds raised through a public issue, rights issue, and a private placement during the year	Not Applicable	The Company had no public issue, rights issue or private placement during the year under review
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable	The Company had no share option/ purchase schemes made available during the year under review
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the rule.	Yes	Corporate Governance
7.6 (xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower.	Yes	Notes to the Financial Statements

CORPORATE GOVERNANCE

K 3. Statement of Compliance Under Section 09 of the listing rules of The Colombo Stock Exchange (CSE) on Corporate Governance

Rule	Requirement	Compliance Status	Reference within the Report
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Yes	Chairman's Statement on Corporate Governance
9.2.1	Listed entities shall establish and maintain the following policies and disclose the existence of such policies together with the details relating to the implementation of such policies by the entity on its website. (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk Management and Internal Controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistle-blowing (l) Policy on Anti-Bribery and Corruption	Yes	All required policies have been made available in the Company website.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Yes	Company will be on alert regarding such events and will be disclosed when required.
9.2.3	(I) List of policies in place as per Rule 9.2.1, with reference to website (II) Any changes to policies adopted.	Yes	Corporate Governance
9.2.4	Listed entities shall make available all such policies to shareholders upon a written request being made for any such Policy	Yes	Policies will be available to shareholders upon written request.
9.3.1	Listed entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Yes	The Company has established all the mandatory sub committees.

Rule	Requirement	Compliance Status	Reference within the Report
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules	Yes	Please refer to the Board sub committees Report in of this report and sections 9.10, 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the listed entity shall not be the Chairperson of the Board committees referred to in Rule 9.3.1 above	Yes	The Chairman of the Board does not act as chairman of any committee.
9.4.1	Listed entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained	Yes	The Company Secretary maintains records of the said information and the Company shall provide copies of the same at the request of the CSE & SEC.
9.4.2	Communication and relations with shareholders and investors: (a) Listed entities shall have a policy on effective communication and relations with shareholders and investors (b) Listed entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders	Yes	Policies on relations with shareholders and investors are available. The management have taken steps to publish the Company policy on effective communication and relations with shareholders on the website. The contact person for such communication please refer corporate information section
9.5.1	Listed entities must establish and maintain a formal policy for their Board of Directors	Yes	The Company maintains a formal policy in this regard covering the areas specified in Section 9.5.1 under the policies on the matters relations to Board of Directors.
9.5.2	Listed entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Yes	The entity confirms the compliance of Section 9.5.1 in the Annual Report for the year ended 31 March 2025.
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Yes	The Chairman of the Company is a Executive Director and a SID has been appointed. Refer to the SID Report.

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference within the Report
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance.	Not Applicable	The Company complied with the Rule 9.6.1
9.6.3 & 9.6.4	The requirement for a SID and the rationale	Yes	An SID has been appointed. Refer to the SID Report.
9.7.1, 9.7.2 & 9.7.3	The listed entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, listed entities shall utilise the “Fit and Proper Assessment Criteria”	Yes	The Company obtains declarations from Directors on an annual basis confirming that each of them have continuously satisfied the fit and proper assessment criteria as per the Rule.
9.7.4	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders’ meeting or appointments are made.	Yes	Nominations and Governance Committee has been established
9.7.5	a) A statement that the Directors and CEO of the Entity satisfy the Fit and proper assessment criteria stipulated in the CSE b) Any non-compliance and remedial actions taken by the Entity	Yes	Please refer fit and proper assessment section under Corporate Governance.
9.8.1	The Board of Directors of a listed entity shall, at a minimum, consist of five (05) Directors	Yes	The Board consists of five (05) Directors as of 31st March 2025.
9.8.2	Minimum Number of Independent Directors	Yes	The Board consists of two (02) Independent Non-Executive Directors.
9.8.3 & 9.8.5	The Board of Directors of listed entities shall require: (a) Each Independent Director to annually submit a signed and dated declaration of their “independence” or “non-independence” (b) Annually assess the “Independence” or “Non-Independence” of each Independent Director based on their declaration and other available information (c) If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a market announcement regarding this determination.	Yes	Refer the Directors’ Independence
9.9	Requirements to be complied in relation to the Alternative Director	Not Applicable	
9.10.1	Policy on the maximum number of directorships its Board members shall be permitted to hold.	Yes	Policy disclosed in the Code of Business Conduct and Ethics section of the Annual Report

Rule	Requirement	Compliance Status	Reference within the Report
9.10.2	Listed entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; (i) A brief resume of such Director; (ii) His/her capacity of directorship; and (iii) Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity	Yes	Company published market announcement for the all-new Director appointments
9.10.3	Listed entities shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	Yes	Company published market announcement for the all-composition changes in the Board and the sub-committee appointments
9.10.4	Listed entities shall also disclose the following in relation to the Directors in the Annual Report: (a) Name, qualifications and brief profile; (b) The nature of his/her expertise in relevant functional areas; (c) Whether either the Director or Close Family Members has any material business relationships with other Directors of the Entity; (d) Whether Executive, Non-Executive and/or independent Director; (e) The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel; (f) Number of Board meetings of the Listed Entity attended during the year; (g) Names of Board Committees in which the Director serves as Chairperson or a member; (h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member; and, (i) The terms of reference and powers of the SID	Yes	The Directors' profiles, Committee Meeting Reports, Committee meeting Attendance and SID Report
9.11.1	Listed entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Yes	Please refer the Report of the Nominations and Governance committee

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference within the Report
9.11.2	Listed entities shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Yes	The policy of the Board of Directors will stipulate such requirements
9.11.3	The Nominations and Governance Committee shall have written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.	Yes	The Report of the Nomination and Governance committee
9.11.4	Composition of the Committee complied with as per section 9.11.4 the committee. 1 The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) It should not comprise of Executive Directors of the Entity. 2 An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors. 3 The Chairperson and the members of the Nominations and the Governance Committee shall be identified in the Annual Report of the Entity.	Yes	The Report of the Nomination and Governance committee
9.11.5	Functions of the Nominations and Governance Committee	Yes	The Report of the Nominations and Governance committee
9.11.6	Disclosures in Annual Report	Yes	The Report of the Nominations and Governance committee
9.12	Remuneration Committee	Yes	The Report of the Remuneration committee
9.12.2	Listed entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules	Yes	The Report of the Remuneration committee
9.12.3	Procedure for setting Executive Directors' remuneration	Yes	Formal procedure in place via the Remuneration committee
9.12.4	Remuneration for Non-Executive Directors	Yes	Remuneration policy ensures independence and equity among Non-Executive Directors
9.12.5	Remuneration Committee shall have a written Terms of Reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	Terms of Reference approved and available for reference

Rule	Requirement	Compliance Status	Reference within the Report
9.12.6	Composition of the Remuneration Committee 1 The members of the Remuneration Committee shall; (a) comprise a minimum of three (03) Directors of the Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprised of Executive Directors of the Listed Entity. 2 An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Yes	The Report of the Remuneration committee
9.12.7	Functions 1 The Remuneration Committee shall recommend the Report on remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. 2 The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	Yes	The Report of the Remuneration Committee
9.12.8	Disclosure in Annual Report The Annual Report should set out the following: (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company); (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors	Yes	The Report of the Remuneration Committee
9.13	Audit Committee	Yes	The Audit Committee Report
9.13.1	Where Listed entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Yes	The Audit Committee Report
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Yes	The Audit Committee Report

CORPORATE GOVERNANCE

Rule	Requirement	Compliance Status	Reference within the Report
9.13.3	Composition 1 The members of the Audit Committee shall; (a) Comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) Not comprise of Executive Directors of the Entity. 2 The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3 The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4 If both, the Parent Company and the subsidiary are 'Listed entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary 5 An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 6 Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. 7 The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body.	Yes	The Audit Committee Report and Directors' Profiles
9.13.4	Functions of the Audit Committee	Yes	The Audit Committee Report
9.13.5	Disclosures in Annual Report	Yes	The Report of the Audit Committee
9.14	Board Related Party Transactions Review Committee	Yes	The Report of the Audit Committee
9.14.1	Listed entities shall have a Related Party Transactions Review Committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules	Yes	The Report of the Related Party Transactions Review Committee
9.14.2	The Related Party Transactions Review Committee (RPT) shall comprise a minimum of three (03) Directors of the Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Entity. An Independent Director shall be appointed as the Chairperson of the Committee	Yes	The Report of the Related Party Transactions Review Committee.
9.14.3	Functions of the Related Party Transaction Review Committee	Yes	The Report of the Related Party Transactions Review Committee

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

K 4. Compliance With the Code of Best Practice on Corporate Governance Issued by the Institute of The Chartered Accountants (CA Sri Lanka In 2023)

Voluntarily provisions

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1	An effective Board should direct, lead and control the company		
A.1.1	The board should meet regularly. Board meetings should be held at least once in every quarter of a financial year	Yes	The Board generally meets on monthly basis. Accordingly, 12 Board Meetings were scheduled annually to determine the Company's strategic direction, review the Company's operational and financial performances and to provide insight. Apart from taking decisions at Board meetings, the Board also takes decisions via circular resolutions which are required to be signed by all the Directors. The attendance at Board meetings held during the financial year is set out on Board and subcommittee meeting attendance
A.1.2	Role and Responsibilities of the Board	Yes	Role and responsibilities of the Board is set out in the Board of Directors section.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1.3	The board collectively, and directors individually, must act in accordance with the laws of the country. Independent professional advice	Yes	The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. A procedure has been established for Directors to seek independent professional advice from external parties when necessary at the expense of the Company. There were instances during the financial year under review that Board members sought such advice which were attended to by the Company.
A.1.4	Access to advise and services of the Company Secretary	Yes	The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with. The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfil their duties. The appointment and removal of the Board Secretary is a decision taken by the Board as a whole.
A.1.5	All directors should bring independent judgment to bear, in discharging their duties and responsibilities.	Yes	The Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct. Non-Executive Directors are responsible for bringing independent and objective judgment and scrutinising the recommendations/proposals made by the corporate management led by the Chief Executive Officer on issues of strategy, performance, resource utilisation and business conduct.
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	The members of the Board dedicate adequate time and effort to fulfil their duties and responsibilities as Directors of the Company. In addition to attending Board meetings, they have attended Sub-Committee meetings and have also contributed to decision making through circular resolutions where necessary. The composition of Board Sub-Committees and meeting attendance are mentioned under Board and subcommittee meeting attendance.
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Any Director can call for a resolution to be presented to the Board if deemed necessary.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1.8	Board induction and Training	Yes	The Board recognises the need for continuous training and expansion of knowledge and undertakes such professional development as they consider necessary in assisting them to carry out their duties as Directors. Directors are therefore encouraged to participate in continuous professional and self-development activities. In addition, an induction programme is in place for newly appointed Directors to familiarise them with the Company's business operation and internal control system.
A.2	Chairman and CEO	Yes	There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions. The roles of the Chairman and CEO are segregated. The Chairman's main responsibility is to lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The CEO is responsible for the day-to-day operations of the Company.
A.3	Chairman's role in preserving good corporate governance	Yes	The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function. The Chairman chairs the Board and facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company.
A.4	Availability of financial acumen	Yes	The Board should ensure the availability within those with sufficient financial acumen and knowledge to offer guidance on matters of finance. The Board is equipped with members having sufficient financial acumen and knowledge. Directors' qualification and experience are set out in the Board of Directors.
A.5	Board Balance	Yes	There should be a balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making. The Board Comprises of 02 Executive Directors and 03 Non-Executive Directors. Each of them brings vast experience and the ability to exercise independence and judgment when taking informed decisions.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.5.1	The Board should include sufficient number of NEDs	Yes	The Board consists of the majority of NEDs where 3 are NEDs out of 5.
A.5.2	If the Board includes only 3 NEDs, they should be independent	Not Applicable	
A.5.3	Independence of Directors	Yes	Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.4	Annual declaration of independence by Directors	Yes	Independent Directors have submitted written declarations of their independence as required by Schedule C of the Code and Section 9.8.5 (a) of the Listing Rules.
A.5.5	Annual determination of independence of NEDs	Yes	The Board considers Non-Executive Directors' independence on an annual basis and concludes for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.6	Alternate Directors	Not Applicable	
A.5.7 & A.5.8	Senior Independent Director (SID)	Yes	A Senior Independent Director (SID) has been appointed by the Board as the Chairman and the Deputy Chairman are close family members and Chairman being an Executive Director.
A.5.9	The chairman should hold meetings with the Non-Executive directors	Yes	Periodic meetings held without Executive Directors present.
A.5.10	Recording of dissent in minutes	Yes	All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes with sufficient details.
A.6	Supply of Information	Yes	Management should provide time-bound information in a form and of quality appropriate to enable the Board to discharge its duties. Financial and non-financial information are analysed and presented to the Board to make informed and accurate decisions.
A.7	Appointments to the Board and Re-election	Yes	A formal and transparent procedure should be followed for the appointment of new Directors to the Board. The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board.
A.7.1	Nomination Committee and composition	Yes	Nomination Committee Report.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.7.2	Annual assessment of Board composition	Yes	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.
A.7.3	A succession plan for the Chief Executive Officer and all key management	Yes	A formal succession plan is in place and reviewed regularly.
A.7.4	Disclosures on appointment of new directors	Yes	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director.
A.7.5.	Nomination Committee Report	Yes	Refer to Nomination Committee Report.
A.8	Directors to submit themselves for re-election	Yes	All Directors should submit themselves for re-election at regular intervals and at least once in every three years, and all Non-Executive Directors should be appointed for a specific term and subject to re-election.
A.8.2	All directors should be subject to election by shareholders at the first opportunity after their appointment	Yes	All Directors are elected at the first opportunity and re-elected every three years in accordance with the Articles of Association.
A.9	Appraisal of Board and sub-Committee Performances	Yes	The Board should periodically appraise its own performance against the pre-set targets to ensure that the Board responsibilities are satisfactorily discharged. The Board carries out an evaluation of its performance in the discharge of its key responsibilities. Each member of the Board and Board Sub- Committees carried out a self-assessment of his own effectiveness as an individual as well as effectiveness of the Board as a team.
A.10	Annual Report to disclose specified information regarding Directors	Yes	Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders and disclosed under the Board of Directors.
A.11	Appraisal of the CEO	Yes	The Board of Directors should at least annually assess the performance of the Chief Executive Officer. At the commencement of each financial year, the Board, in consultation with the Chairman, sets financial and non-financial goals based on the short, medium and long-term objectives of the Company.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
B.	Directors' Remuneration		
B.1	Establish process for developing policy on executive and Director remuneration.	Yes	The Remuneration Committee makes recommendations to the Board regarding a remuneration policy for the Executive Directors and the corporate management team that is consistent with the objectives of the Company.
B.2	Level and Make Up of Remuneration	Yes	The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient to attract and retain the quality of Directors needed run the Company. The remuneration package of the Chief Executive Officer is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.
B.2.2	Remuneration committee and composition	Yes	The "Report of the Remuneration Committee" which covers all areas of this Section.
B.2.6	Position levels of remuneration of the company	Yes	The "Report of the Remuneration Committee" which covers all areas of this Section.
B.3	Disclosures related to remuneration in Annual Report	Yes	The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.
	- Remuneration Policy statement - Aggregate Board remuneration paid - HRRC report		Remuneration Policy is disclosed in the Report of the Remuneration Committee. The total remuneration paid to the Directors is disclosed in Notes to the Financial Statements.
C	Relations with Shareholders		
C.1	Constructive use of the AGM and Other General Meetings	Yes	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007. The Company proposes a separate resolution for each item of business at the Annual General Meeting giving shareholders the opportunity to vote on each issue separately.
C.2	Communication with shareholders	Yes	The Company disseminates information pertaining to the performance of the Company through the publication of the Interim Financial Statements and the Annual Report in a timely manner. Information is provided to the shareholders prior to the Annual General Meeting to give them an opportunity to raise any issues relating to the business of Kelani Cables PLC, either verbally or in writing prior to the Annual General Meeting. Immediate announcements are also made to the Colombo Stock Exchange on any information which is considered price sensitive. The Company Secretary could be contacted in relation to any shareholder matter.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
C.3	Disclosure of major and material transactions	Yes	The Directors ensure that any transaction that would materially affect the net asset base of the Company is communicated to the shareholders and required approvals are obtained in accordance with the Statutes. There were no major or material transactions during the year, which materially affected the net asset base of the Company.
D.	Accountability and Audit		
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Yes	Kelani Cables PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2025 and at the end of each quarter of 2024/25 financial year.
D.1.1	Balanced Annual Report	Yes	The Board ensures that the quarterly and annual Financial Statements of the Company are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange. The responsibility statement of the Chairman and CFO has been set out declaring that the financial records of the Company have been properly maintained and are following relevant accounting standards and that the system of risk management and internal control operates effectively.
D.1.2	Balanced and understandable communication	Yes	
D.1.3	CEO/CFO declaration	Yes	
D.1.4	Directors' Report declarations	Yes	The "Report of the Board of Directors" which covers all areas of this Section.
D.1.5	Financial reporting - statement on board responsibilities Statement on internal control	Yes	The declarations required to be made by the Board are given in the Annual Report of the Board of Directors. "Statement of Directors' Responsibilities in relation to Annual Financial Statements" in preparation of the Financial Statements and the "Independent Auditors' Report"
D.1.6	Management Discussion & Analysis	Yes	A Management Discussion and Analysis.
D.1.7	Net Assets < 50%	Not Applicable	In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. Likelihood of such an occurrence is remote.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
D.1.8	Related Party Transactions	Yes	The Directors have instituted an effective and comprehensive system of Internal Controls for identifying, recording and disclosure of related party transactions. Steps have been taken by the Board to avoid any conflict of interest that may arise, in transacting with related parties. Further, the Board ensures that no related party benefits from favourable treatment. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated parties. Related Party Transactions Review Committee was established by the Board in accordance with the guidelines of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. Related Party Transactions Review policy and procedures are discussed in the Related Party Transactions Review Committee report. All related party transactions as defined in Sri Lanka Accounting Standard-24 (LKAS 24) on “Related Party Transactions” are disclosed in Notes to the Financial Statements.
D.2	Process of risk management and a sound system of internal control to safeguard shareholders’ investments and the Company’s assets Report of the Audit and Risk Committee Directors’ Statement of Internal Control	Yes	The Board is responsible for establishing a sound framework of risk management and internal control and monitoring its effectiveness on a continuous basis. Through such an effective framework, Kelani Cables PLC manages business risks and ensures that the financial information on which business decisions are made and published is reliable and ensures that the Company’s assets are safeguarded against unauthorised use or disposition. The Board has appointed an Audit Committee composed of Independent Non-Executive Directors. The Audit Committee on quarterly basis reviews the Risk Register of the Company in the context of likelihood and their impact to the Company along with the effectiveness of the system of internal controls to address them to a satisfactory level. Strategies adopted by the Company to manage its risk are set out in the risk management report.
D.3	Audit Committee	Yes	Refer to Audit Committee Report
D.5	Related Party Transactions Review Committee	Yes	Refer to RPT Committee Report

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
D.6	Code of Business Conduct and Ethics	Yes	The Company has adopted a Code of Business Conduct and Ethics and the Directors are committed to the Code and the principles contained therein. A set of guidelines for ethical behaviour has also been compiled to assist employees to act responsibly and to make the correct decisions in their day-to-day work. The Code of Conduct explains the principles for dealing with business associates, general partners, colleagues, and the community in which the Company operates. The Corporate Governance Report sets out the manner and extent to which the Company has complied with the principles and provisions of the Code. The Board is not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any corporate management member of the Company.
D.7	Corporate Governance Disclosures	Yes	This requirement is met through the presentation of this report.
E/F	Institutional and other investors	Yes	The Company is committed to maintaining good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole. The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concerned to the general membership. The Deputy Chairman has regular discussions with key institutional shareholders to share highlights of the Company's performance and with the view to obtaining constructive feedback. The feedback obtained from institutional shareholders is communicated to the entire Board by the Deputy Chairman. Individual shareholders are encouraged to carry out adequate analysis and seek independent advice prior to investing or divesting directly in shares of the Company. All shareholders are encouraged to participate at meetings of the Company and a Form of Proxy accompanies each Notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.

CORPORATE GOVERNANCE

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
G	Internet Of Things and Cybersecurity		Refer to Risk Management Note
H	Sustainability: ESG Risk and Opportunities		Our progress towards sustainability
I	Special Considerations for Listed Entities		IT Code of Business Conduct and Ethics section.
	• Policies • Disclosures In Its Annual Report		

OUR PROGRESS TOWARDS SUSTAINABILITY

OVERVIEW

Kelani Cables PLC is in transitional stage of adopting newly issued sustainability related -reporting disclosure of SLFRS S1 and S2 by The Institute of Chartered Accountants of Sri Lanka. Kelani Cables is prepared to comply with mandatory adoption of SLFRS S1 & S2 from financial year beginning 01st April 2025. Accordingly, SLFRS S1 General Requirements for Disclosure of Sustainability related- Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures is required an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

We remain committed to adopt the SLFRS S1- disclosure of sustainability-related Financial Information & SLFRS S2-Climate related disclosures in the financial year beginning 01st April 2025.

STRATEGY

Kelani Cables has appointed a separate ESG Steering Committee to oversee Company's sustainability and ESG framework. Our strategy is focused to

identify potential environment, socio-economic impacts on the operations and implement appropriate initiatives to mitigate risk.

ROLES AND RESPONSIBILITY

ESG Steering Committee is appointed to link the sustainability related- matters to strategy, decision making and risk management. The committee conduct targeted awareness sessions to familiarise with ESG concepts and adopting SLFRS S1, SLFRS S2 and monitor the progress of adhering to SLFRS S1 & SLFRS S2.

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

Key highlights covering ESG framework during the year

Environment	Social	Governance
Waste management & disposal	Conduct Kelani Saviya & Electrician club to enhance skills of the community	Policies and procedures
Focus on reuse and recycling	Other CSR initiatives	Board level oversight
Energy efficient production	Equal opportunity employee	Diverse and independent Board of Directors
Planting trees for World Environment Day	Employee Training & Development	Training employees on ESG Policy
Water consumption management	Product safety measures	Compliance to local laws and regulations

WAY FORWARD

Our key priority is to comply with SLFRS S1 & SLFRS S2 in the financial year commencing from 01st April 2025 while continuously educate and training employees to adhere with company ESG framework. Further to assess the sustainability related -risk and implement measures to mitigate those risks.

CLIMATE RELATED RISKS AND OPPORTUNITIES

Kelani Cables PLC recognised two types of climate related risks such as transition risk and physical risk.

Type of risk	Description	Risk Response
Acute Physical Risk	Extreme weather events such as floods	Insure the stocks, machinery against the natural disasters to mitigate risk
Chronical Physical Risk	Water Scarcity	Our approach to water sustainability and minimising risk relating to water supply needed for our business operation are covered in water stewardship. We continually monitor water usage in manufacturing facilities and office premises by controlling water withdrawal at source and using recycled water whenever possible.

OUR PROGRESS TOWARDS SUSTAINABILITY

Type of risk	Description	Risk Response
Transition risk –Policy and legal risk	Adhering to environment laws and regulations	Adhering to environment regulations and standards and responsible management of natural resources helps us avoiding legal repercussions Kelani Cables had adopted strict monitoring processes at both sites of Kelaniya and Siyambalape to measure and report air quality performance, monitor compliance with licensed limits and identify opportunities for process improvements. This includes monitoring of following • Volatile Organic Carbon (VOC), Nitrogen oxide emissions (NOx) • Sulphur dioxide (SO2) and fine particles less than 10 microns (PM10)
Transition risk-Reputation risk	Reputational damage due to improper waste disposal and management	We have implemented stringent processes to ensure sustainable waste management practices. Our approach includes the use of colour coded waste types to streamline waste sorting and disposal. Our manufacturing processes are optimised to minimise resource usage, reduce waste and repurpose or convert waste materials into valuable products. This not only supports a circular economy but also Prevents waste materials from entering landfills, promoting the reuse of raw materials. We monitor Material efficiency by measuring the percentage of total output converted into products and coproducts, ensuring effective waste management.
Transition risk-Technology risk	Adopt new sustainability related technologies	We are committed to integrating renewable energy solutions into our operations to promote sustainability and reduce our environmental footprint. We have taken significant steps to incorporate these technologies into our energy mix. Our initiatives include the installation of solar panels across our facilities, harnessing solar power for Net Plus. By investing in renewable energy, we not only reduce our reliance on fossil fuels but also demonstrate our commitment to environmental stewardship and corporate responsibility. These efforts contribute to lower greenhouse gas emissions, improved energy efficiency, and a more sustainable future for our company and the communities we serve.
Transition risk-Market risk	Shifting consumer preferences towards sustainable products	At Kelani Cables we are committed to ensure that products meet the sustainability and safety standards to protect the market share and achieve competitive advantage.

ACUTE PHYSICAL RISKS

Extreme weather events such as floods

Natural disasters such as flooding can disrupt the manufacturing and distribution process, physical damage to machinery and inventory

RISK RESPONSE

Insure the stocks, machinery against the natural disasters to mitigate risk

CHRONICAL PHYSICAL RISK

Water Scarcity

Droughts could disrupt the factory operations

RISK RESPONSE

Our approach to water sustainability and minimising risk relating to water supply needed for our business operation are covered in water stewardship. We continually monitor water usage in manufacturing facilities and office premises by controlling water withdrawal at source and using recycled water whenever possible.

TRANSITION RISK

Climate related policy risks

Adhering to environment regulations and standards and responsible management of natural resources helps us avoiding legal repercussions Kelani Cables PLC had adopted strict monitoring processes at both sites of Kelaniya and Siyambalape to measure and report air quality performance, monitor compliance with licensed limits and identify opportunities for process improvements.

This includes monitoring of following

- Volatile Organic Carbon (VOC), Nitrogen oxide emissions (NOx)
- Sulphur dioxide (SO₂) and fine particles less than 10 microns (PM₁₀)

Reputational damage due to improper waste management and disposal

We have implemented stringent processes to ensure sustainable waste management practices. Our approach includes the use of colour coded waste types to streamline waste sorting and disposal. Our manufacturing processes are optimised to minimise resource usage, reduce waste and re-purpose or convert waste materials into valuable products. This not only supports a circular economy but also prevents waste materials from entering landfills, promoting the reuse of raw materials. We monitor material efficiency by measuring the percentage of total output converted into products and co-products, ensuring effective waste management.

Technology risk to meet sustainability demand

We are committed to integrating renewable energy solutions into our operations to promote sustainability and reduce our environmental footprint. We have taken significant steps to incorporate these technologies into our energy mix. Our initiatives include the installation of solar panels across our facilities, harnessing solar power for Net Plus. By investing in renewable energy, we not only reduce our reliance on fossil fuels but also demonstrate our commitment to environmental stewardship and corporate responsibility. These efforts contribute to lower greenhouse gas emissions, improved energy efficiency, and a more sustainable future for our Company and the communities we serve.

Market risk due to competition

At Kelani Cables we are committed to ensure that products meet the sustainability and safety standards to protect the market share and achieve competitive advantage.

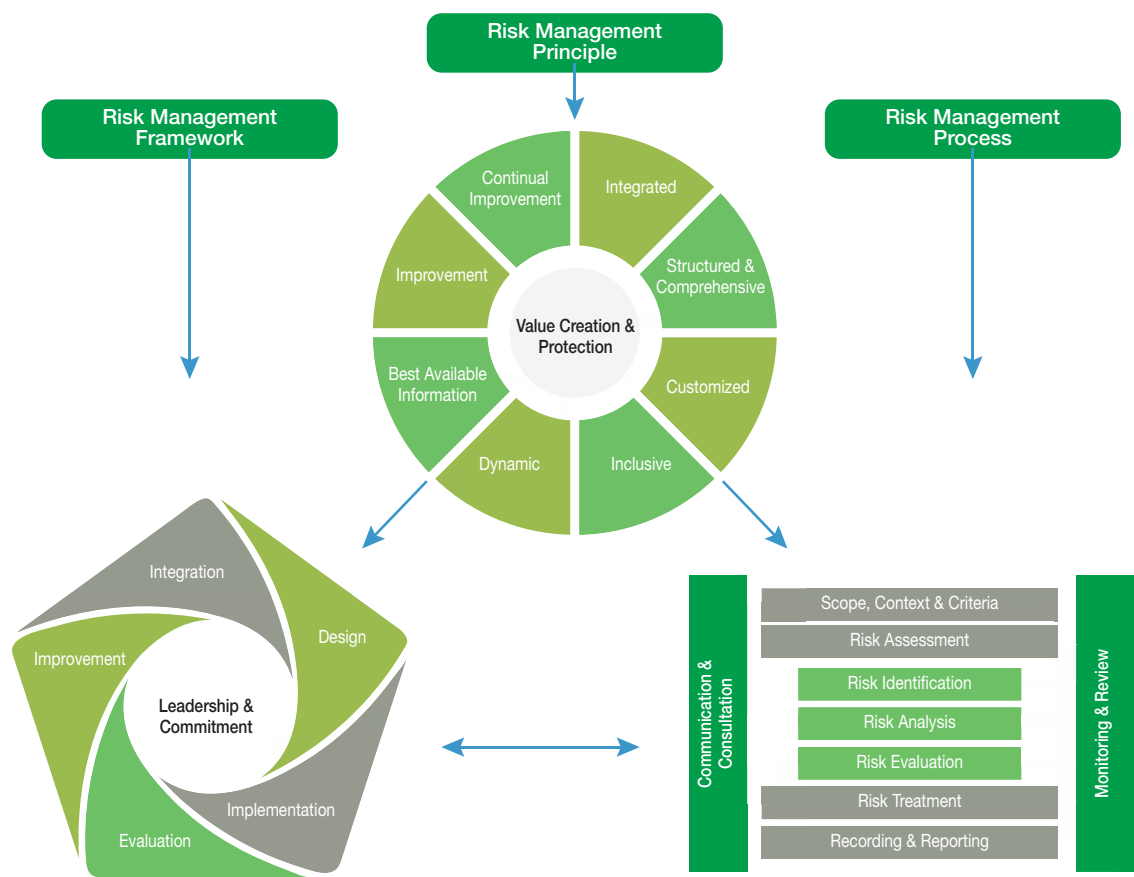
RISK MANAGEMENT

Kelani Cables PLC maintains a robust focus on the identification, assessment, and mitigation of risks to ensure the continued sustainability of its operations and the achievement of strategic objectives. The Company’s risk management framework is structured to optimise the balance between risk and return, while remaining responsive to evolving internal dynamics and external market conditions. As a leading manufacturer in Sri Lanka’s cable industry, our continued success is underpinned by our ability to anticipate and capitalise on emerging opportunities within a complex operating environment. Risk and Opportunity considerations are systematically embedded into decision-making processes across all levels of the organisation.

Recognising the increasing relevance of sustainability and climate-related risks, the Company has further aligned its risk management practices with emerging global standards, including SLFRS S1 and S2. Details on Kelani Cables PLC’s current progress in its sustainability reporting journey are presented in page 87 of the Annual Report. This commitment reflects our proactive stance in addressing long-term sustainable and climate related risks that may impact operational and financial resilience.

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

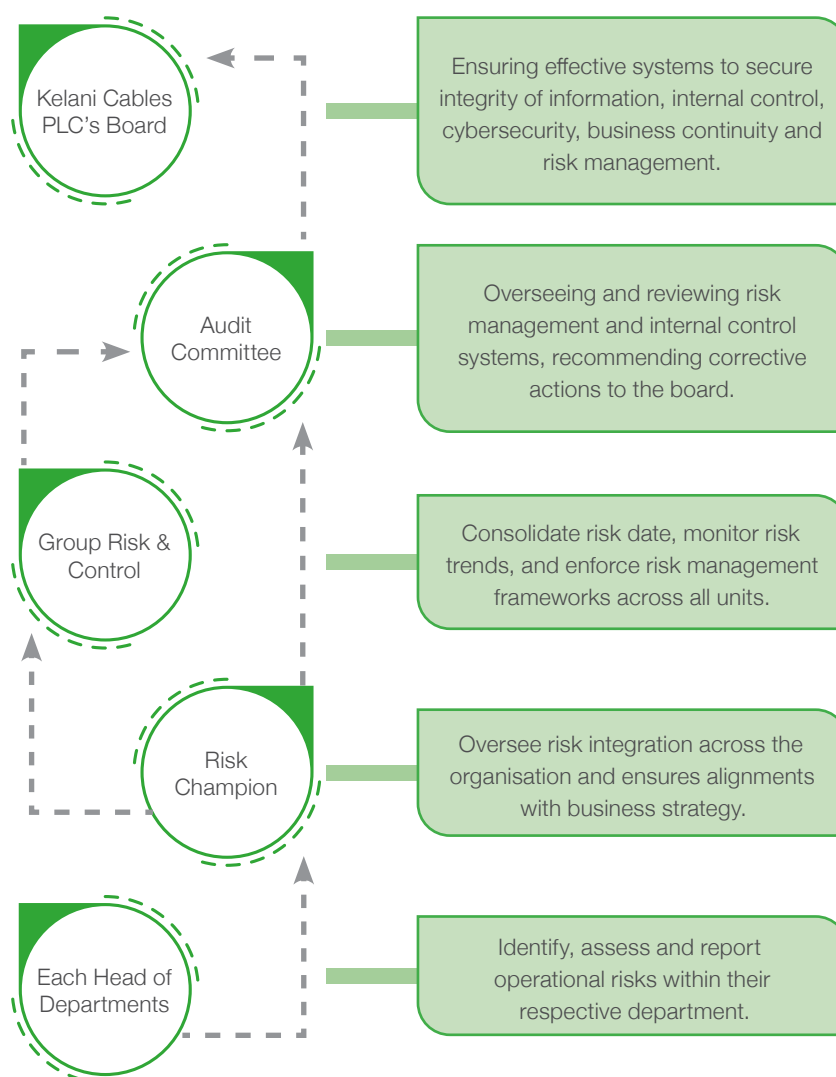
PRINCIPLES, FRAMEWORK, AND RISK MANAGEMENT PROCESS FROM ISO 31000



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

1. Customised framework and processes
2. Appropriate and timely involvement of stakeholders
3. Structured and comprehensive approach
4. Risk management is an integral part of all organisational 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.



APPROACH TO RISK MANAGEMENT

The Kelani Cables PLC adopts a hybrid approach to risk management, integrating both top-down and bottom-up methodologies. Strategic risks are identified by the Board of Directors and Senior Management, while operational risks are recognised at the operational level, ensuring alignment between corporate strategy and day-to-day activities. The Cables PLC Board has delegated oversight of risk management to the Audit Committee. The Risk and Control team functions as an independent unit, providing regular reports to the Audit Committee

to maintain objectivity and strengthen governance. Risks are reviewed on a quarterly basis to evaluate their relevance, assess the effectiveness of mitigation strategies, and support robust Board-level oversight.

RISK MANAGEMENT STRUCTURE

Under the Group's governance framework, Kelani Cables PLC adopts the Three Lines of Defense model to ensure effective risk management and internal control. The first line of defense comprises operational-level staff who are responsible for identifying and managing risks within

daily operations, ensuring adherence to established controls and protocols. The second line of defense includes senior management, who provide oversight and guidance on risk management, drafting internal policies and monitor compliance across the organisation. The third line of defense consists of the Kelani Board, Audit Committee, and Risk and Control Team, who offer independent assurance on the effectiveness of risk management and internal controls, reporting directly to the Audit Committee of the organisation.

RISK MANAGEMENT

THREE LINES OF DEFENSE MODEL



RISK EVALUATION AND MAPPING

The risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. The assessment of risk likelihood at Kelani Cables PLC follows a multifaceted approach, combining historical data, existing preventive measures, and timely evaluation of current local and international conditions. This includes factors such as geopolitical tensions, economic volatility, and other high-impact events, ensuring a robust and forward-looking risk management process. A ranking of Rare, Unlikely, Moderate, Likely, and Almost Certain is assigned to all risks based on the likelihood of occurrence. The potential impact is assessed through a combination of qualitative and quantitative analysis, considering the impact for both the Company and broader society. After considering the above two factors, the impact is categorised as Insignificant, Minor, Moderate, Major, and Extraordinary. The above risks and the proposed action plans are then reviewed at the Audit Committee meeting as a permanent agenda item in each meeting.

THE RISK MATRIX

IMPACT	Extraordinary	S	H	H	H	E
	Major	S	S	H	H	H
	Moderate	M	M	S	S	H
	Minor	L	L	M	S	S
	Insignificant	L	L	L	M	S
		Rare	Unlikely	Moderate	Likely	Almost Certain
		LIKELIHOOD				

L - Low

M - Moderate

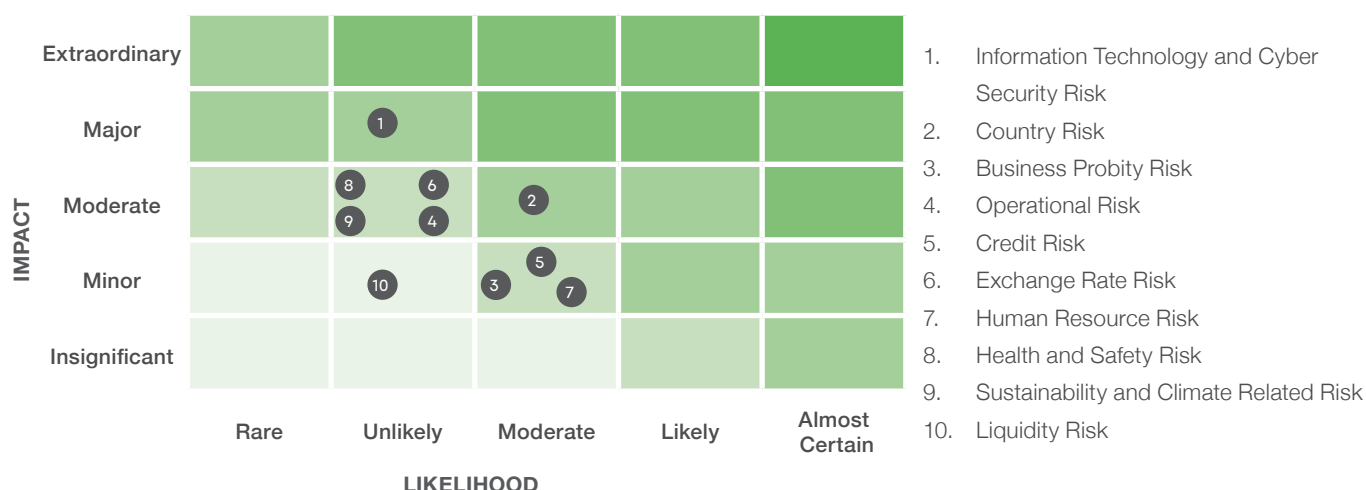
S - Significant

H - High

E - Extreme

FUTURE OUTLOOK

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



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

As a cable manufacturing company, we recognise that climate change presents both challenges and opportunities that can significantly impact on the business operations, financial performance, and strategic direction.

Physical Risks:

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

Acute Events: As a company with an island-wide distribution network, we are exposed to physical risks from extreme weather events. Severe flooding, like recent events in the region, could disrupt our logistics network, delay deliveries, impact warehouse operations, and limit employee access to facilities. These risks could lead to operational slowdowns and financial implications due to climate-related disruptions.

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

Transition Risks:

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

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



RISK MANAGEMENT

Opportunities:

Climate change also opens avenues for growth:

Product Innovation:

- Manufacturing processes with reduced environmental impact, such as those using recycled materials.

Market Expansion:

- Increasing demand for environmentally friendly products

Operational Efficiency:

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

Triple Bottom Line



SNAPSHOT OF KEY RISKS & MITIGATION STRATEGIES

1. Risk Category - Information Technology and Cyber Security Risk

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

Mitigation Actions

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

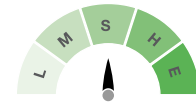
Risk Rating - Significant



2. Risk Category - Country Risk

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

Risk Rating - Significant



Mitigation Actions

- Perform comprehensive and ongoing evaluation of (PESTEL) factors to proactively identify market opportunities and minimise the impact of external threats arising from adverse country conditions.
- Continuously adapt tax strategies to remain compliant and optimised amid shifting fiscal policies and government reforms, ensuring minimal disruption to financial performance.
- Monitor and analyse potential impacts of legislative and regulatory changes on core business activities, enabling timely strategic adjustments and compliance readiness.
- Establish strong relationships with local government bodies, regulators, and industry associations to stay informed on upcoming policy changes and advocate for favourable regulatory conditions

3. Risk Category – Business Probity Risk

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

Risk Rating - Moderate



Mitigation Actions

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

4. Risk Category - Operational Risk

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

Risk Rating - Moderate



Mitigation Actions

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

RISK MANAGEMENT

5. Risk Category - Credit Risk

Adverse impact on the Company's financial performance due to the inability of customers to settle dues within agreed credit terms. This may arise from defaults or delayed payments by dealers, distributors, or export customers, resulting in increased bad debt provisions and pressure on cash flows.

Mitigation Actions

- Ensuring adherence to established credit policy guidelines
- Managing credit risk through regular oversight by the Credit Committee
- Execute credit transactions while minimising default risk through the use of financial securities such as Bank Guarantees.
- Conduct periodic evaluations of credit terms for customers eligible for credit facilities to ensure risk-aligned credit management.

Risk Rating - Moderate



6. Risk Category - Exchange Rate Risk

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

Mitigation Actions

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

Risk Rating - Moderate



7. Risk Category - Human Resource Risk

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

Mitigation Actions

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

Risk Rating - Moderate



8. Risk Category - Health and Safety Risk

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

Mitigation Actions

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

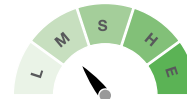
Risk Rating - Low



9. Sustainability and Climate related Risks

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

Risk Rating - Moderate



Mitigation Actions

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

10. Liquidity Risk

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

Risk Rating - Low



Mitigation Actions

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

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company, the internal control and risk management systems of the Company, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and the adequacy and performance of the Internal Audit function undertaken by the Group Risk & Control division. The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee, which has been approved by the Board and is reviewed annually.

The Committee's responsibilities include monitoring and reviewing the following;

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

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

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee consists of the following two Independent Non-Executive Directors and one Non-Executive Director. Biographical details of whom are set out within the 'Board of Directors' section.

- Mr. Yudhishtan Kanagasabai – Chairman of the Committee (Independent Non-Executive Director)

- Mr. Deepal Sooriyaarachchi, - Committee member (Senior Independent Non-Executive Director)
- Mrs. N. C. Madanayake – Committee member (Non-Executive Director)

Further details of the Audit Committee composition are given in their profiles on page 11.

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 2024/2025 as per the annual meeting schedule and the Corporate Governance requirements. Members' attendance at these meetings is set out in the Corporate Governance Report. The Deputy Chairman, Group Chief Financial Officer, Group Head of Risk & Control, Chief Executive Officer and Chief Financial Officer are invited to attend meetings as permanent invitees.

FINANCIAL REPORTING

The Audit Committee considered related matters in respect of the 2024/2025 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

INTERNAL AUDIT, RISKS AND CONTROLS

The Committee reviewed the adequacy of the Internal Audit coverage and the Internal Audit Plan for the Company. The Group Risk & Control division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with laws and regulations and established policies and procedures of the Company through Internal Audit reports.

Follow-up action was taken on the recommendations of the Internal Auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Group Head of Risk & Control.

The Committee reviewed the whistleblowing arrangements for the Company. The effectiveness and resource requirements of the Group Risk & Control division were reviewed and discussed with management and changes were made where considered necessary.

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

EXTERNAL AUDITORS

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policies on external audit. The policies, designed to maintain the objectivity and independence of the external auditors 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 Audit Committee and 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 2024/2025 can be found in Note 7 to the financial statements.

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

INTERNAL CONTROL SYSTEM

In 2024/25, 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 encouraging them to resort to whistleblowing if they had reasonable grounds to believe that there were wrongdoings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Even anonymous complaints are investigated.

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

On behalf of the Committee

(Sgd.)

Yudhishtaran Kanagasabai

Chairman of the Audit Committee

27 August 2025

REMUNERATION COMMITTEE REPORT

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee formulates the 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/her own remuneration package.

Determining compensation of Non-Executive Directors is not under the scope of this Committee.

COMPOSITION OF THE REMUNERATION COMMITTEE

The following members were appointed to the committee w.e.f 01st October 2024

Mr. Yudhishtan Kanagasabai – Chairman of the Committee
(Independent Non Executive Director)

Mr. Deepal Sooriyaarachchi – Member
(Independent Non-Executive Director)

Mrs. N.C. Madanayake - Member
(Non-Executive Director)

The following Directors were resigned from the Committee w.e.f. 30th September 2024

Mr. Ajit Jayaratne – Chairman of the Committee
(Senior Independent Non-Executive Director – ACL Cables PLC)

Mr. Rajiv Casie Chitty – Member
(Independent Non-Executive Director - ACL Cables PLC)

Members of the Committee and the Chairman of the Committee are appointed by the Board of Directors.

MEETING AND ATTENDANCE

The Committee met on two occasions in the 2024/2025 financial year while complying with the SEC and Code of Best Practice on Corporate Governance issued by CA Sri Lanka. Members' attendance at these meetings 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 Executive Directors and Key Executives of the Company.

FUNCTIONS OF THE REMUNERATION COMMITTEE

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

- Review and recommend overall remuneration philosophy, strategy, policies and practices and, performance-based payments plans for the company.
- Determine and agree with the Board a framework for the remuneration of the Chairman and Executive Directors based on performance, benchmark principles, industry trends and past remuneration
- Succession planning of Key Management Personnel.

Members' attendance at meetings of the Remuneration Committee in 2024/2025 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 Company is managed successfully to the benefit of shareholders. To achieve this, a competitive package of incentives and rewards linked to performance is provided. The committee in arriving at its decision considered the performance of the individual, comparisons with peer companies and group of companies and reports from specialised consultants.

The Chairman and the Deputy Chairman of the company, who are also the Chairman and the Managing Director respectively of the Parent Company ACL Cables PLC. They have acted in an honorary capacity and the company has not paid any remuneration to them during the year under review.

NON-EXECUTIVE DIRECTOR REMUNERATION

The compensation of Non-Executive Directors was determined in reference to fees paid to other Non-Executive Directors of comparable companies, and adjusted, where necessary, in keeping with the complexity of the business. Non-Executive Directors were paid additional fees for either chairing or being a member of a Sub-Committee and did not receive any performance/incentive payments/share option plans.

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.)

Yudhishtan Kanagasabai

Chairman of the Remuneration Committee

27 August 2025

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 Board of Directors appointed following Directors as committee members w.e.f 1st October 2024.

Mr. Deepal Sooriyarachchi - Chairman of the committee
(Independent Non-Executive Director – Kelani Cables PLC)

Mr. Yudhishtan Kanagasabai - Member
(Independent Non-Executive Director – Kelani Cables PLC)

Mr. Suren Madanayake - Member
(Executive Director –Kelani Cables PLC)

Following Directors were resigned from the Committee w.e.f. 30th September 2024

Mr. Ajit Jayaratne – Chairman of the committee
(Senior Independent Non-Executive Director – ACL Cables PLC)

Mr. Rajiv Casie Chitty - Member
(Independent Non-Executive Director – ACL Cables PLC)

SCOPE OF THE COMMITTEE

- The Committee reviews in advance all proposed related party transactions to ensure that 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.

COMMITTEE MEETINGS

Four Committee meetings were held during the financial year 2024/2025 to review information related to four

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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 59.

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 company as at the date of this Report.

(Sgd.)

Deepal Sooriyaarachchi

Chairman - Related Party Transactions
Review Committee

27 August 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

ROLE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

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

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

Mr. Deepal Sooriyaarachchi – Chairman of the Committee (Appointed w.e.f. 1st October 2024)

Mr. Yudhishtan Kanagasabai – Member of the Committee (Appointed w.e.f. 1st October 2024)

Mrs. N.C. Madanayake – Member of the Committee (Appointed w.e.f. 1st October 2024)

Members of the Committee and the Chairman of the Committee are appointed by Board of Directors.

MEETING AND ATTENDANCE

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

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

Member	No of Meetings
Mr. Deepal Sooriyaarachchi	1/1
Mr. Yudhishtan Kanagasabai	1/1
Mrs. N.C. Madanayake	Nil

FUNCTIONS OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Key responsibilities undertaken by the Committee during the financial year included

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

CONCLUSION

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

On behalf of the Committee

(Sgd.)

Mr. Deepal Sooriyaarachchi

Chairman of the Nominations and Governance Committee

27 August 2025

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 56th Annual Report of the Company together with the Audited Financial Statements for the year ended 31 March 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and selling of Power Cables, Telecommunication Cables and Enamelled 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 Message from the Chairman (pages 6 to 7 Chief Executive Officer's Review pages 8 to 10 and Management Discussion and Analysis on pages 23 to 47. 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 2024/25 was Rs. 17,657 Mn. (2023/24-Rs. 13,997 Mn.). The profit after tax of the Company and Investee for 2024/25 was Rs. 2,301 Mn. (2023/24- Rs.1,724 Mn.), while the Company's profit after tax for 2024/25 was Rs. 2,303 Mn. (2023/24- Rs.1,722 Mn.).

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S 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 116 to 171 and Independent Auditors' Report on the Financial Statements are provided on page 112 to 115.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are given on pages 120 to 131 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 2025.

SLFRS S1: General Requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures.

SLFRS S1: General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2: Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. These standards will become effective for the Group from 01st January 2025. No financial impact is expected on the Group except for additional disclosures.

DIVIDENDS

The interim dividend of Rs. 10.00 per share for the financial year ended 31 March 2024 amounting to Rs. 218 Mn. was paid during the financial year on 21 August 2024. The Board of Directors, declared an interim dividend of Rs.15/- per share for the year ended 31st March 2025 on 21,800,000 shares amounting to Rs. 327 Mn and will be paid on 04 September 2025.

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 2025 is Rs. 218,000,000 comprising of 21,800,000 shares remained unchanged during the year.

RESERVES

The movements during the year relating to Capital Reserves and General Reserves are disclosed in Notes 24 to 25 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 172 to 173 of the Annual Report.

SHAREHOLDINGS

As at 31 March 2025 there were 2,207 shareholders. The distribution is indicated on page 172 of the Annual Report. The twenty largest shareholders of the Company as at 31 March 2025, together with an analysis is given on page 172 of the Annual Report.

RELATED PARTY TRANSACTIONS

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS24 "Related Party Disclosures" which were adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the Rule No. 9 of the Listing Rules. Those transactions disclosed by the Directors are given in Note 34 to the Financial Statements forming part of the Annual Report of the Board of Directors.

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 101 to 102 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 31st March 2025.

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 31st March 2025. Audited Financial Statements, which require additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(1) 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 34 to the financial statements.

BOARD OF DIRECTORS

The Board of Directors of the Company consists of five Directors throughout the financial year and their profiles are given on pages 11 to 13.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Statement of the Directors Responsibilities for Financial Statements is given on pages 11 to 13 of this Annual Report.

DONATIONS

Donations made by the Company during the year amounted to Rs.1,120,000/- (2023/24- Rs. 35,000/-).

PROPERTY, PLANT AND EQUIPMENT

The Land and Buildings of the Company were revalued by Mr. J. M. Senanayake 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 31 March 2024, submitted by Mr. Senanayake are given in Note 12.3 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 31 March 2025 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.81Mn, 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 51 to 86 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 93 to 97 of this Report.

DIRECTORATE

The Board of Directors of the Company are given below and the profiles are given on pages 11 to 13 of this Report.

Mr. U.G. Madanayake - Chairman

Mr. Suren Madanayake - Deputy Chairman

Mrs. N.C. Madanayake

Mr. Deepal Sooriyaarachchi

Mr. Yudhishtan Kanagasabai

During the year Mr. Mahinda Saranapala relinquished duties as the Managing Director of Kelani Cables PLC with effect from 30th April 2024. He joined the Company as the CEO in 2011. Dr. Bandula Perera who served the Board since 2008 resigned w.e.f. 21 August 2024. The Board appointed Mr. Yudhishtan Kanagasabai as an Independent Director to the Board of Kelani Cables PLC with effect from 23 July 2024.

The details of Directors' meetings are set out on page 59 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.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts of the Company are disclosed in Note 34 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 are set out in Note 07 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 07 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	
	2025	2024	2025	2024
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
Mr. Deepal Sooriyaarachchi	Nil	Nil	Nil	Nil
Mr. Yudhishtan Kanagasabai	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 41.

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 29 to 38 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 29 to 33.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the Capital Commitments and Contingent Liabilities are disclosed on page 171 of the Annual Report.

AUDITORS

The Financial Statements for the period under review have been audited by Messrs KPMG, Chartered Accountants. Rs.1,075,000/- has been paid as audit fee for the year ended 31 March 2025.

AUDITOR'S RELATIONSHIP WITH THE COMPANY

Fees paid for other services in the capacity of an Auditor were Rs. 165,000/-. Messrs KPMG, Chartered Accountants do not have any other relationship (other than that of an Auditor) with the Company or with the Associate Company.

A Resolution to re-appoint Auditors, KPMG, Chartered Accountants and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 28th August 2024.

The Report of the Independent Auditors' is given on pages 112 to 115. The functions of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are given on pages 98 to 102 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 and Securities and Exchange Commission of Sri Lanka (SEC) Directives as a listed Company.

NOTICE OF MEETING

The Notice of Meeting of the Annual General Meeting is given on page 177 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
27 August 2025

SENIOR INDEPENDENT DIRECTOR'S STATEMENT

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

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

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

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

(Sgd.)

Deepal Sooriyaarachchi

Senior Independent Director

27 August 2025

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

REQUIREMENT

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

RESPONSIBILITY

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

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

INTERNAL CONTROL PROCESS

The system of internal control in place at Kelani Cables PLC is structured to provide reasonable assurance that the Company's business objectives will be achieved. It takes into account the dynamic business environment, evolving risks, and regulatory obligations.

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

- Periodic reviews of the design and operation of internal controls of the Company;

- Annual independent discussions with the external auditors to assess the adequacy of control procedures, financial reporting integrity, and any reported irregularities or weaknesses;
- Review of the risk matrix at each Audit Committee meeting, covering identification, evaluation, mitigation, and monitoring of risks across strategic, operational, financial, and compliance domains;
- Evaluation of the risk register, prepared by management and the Risk & Control team at the strategic level, where key risks are rated based on likelihood and impact and are accompanied by mitigation actions and responsible parties;
- Dialogues with the Chief Executive Officer, and senior management to obtain clarity on critical control measures, evolving risks, and the effectiveness of the Company's risk response strategies.

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

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

COMPLIANCE AND ASSURANCE

The internal control system is further reinforced through adherence to applicable Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, and other relevant statutory and regulatory frameworks. Regular audits and internal

control testing, conducted by both internal and external auditors, support the Company's efforts to maintain a strong compliance culture.

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

STATEMENT OF CONFIRMATION

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

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

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

By order of the Board,

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

27 August 2025

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 2025, 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 2025 and Statements of Profit or Loss and other Comprehensive Income for the year ended 31st March 2024 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 27 August 2025.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

27 August 2025

FINANCIAL REPORTS

Independent Auditor's Report	112
Statement of Profit or Loss and Other Comprehensive Income	116
Statement of Financial Position	117
Statement of Changes in Equity	118
Statement of Cash Flows	119
Notes to the Financial Statements	120
Investors' Information	172
Decade at a Glance (Company and investee)	174
Statement of Value Addition	175
Glossary of Financial Terms	176
Notice of Meeting	177
Notes	178
Form of Proxy	179

INDEPENDENT AUDITOR'S REPORT



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

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

TO THE SHAREHOLDERS OF KELANI CABLES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kelani Cables PLC ("the Company") and the Company and its equity accounted investee ("the Company and Investee"), which comprise the statement of financial position as at 31st March 2025, 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 material accounting policies and other explanatory information set out on pages 116 to 171 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Company and equity accounted Investee give a true and fair view of the financial position of the Company and the Company and equity accounted Investee as at 31st March 2025, 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 for professional accountants issued by CA Sri Lanka (Code of Ethics), and we have

fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements and the Company and equity accounted 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 equity accounted Investee's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Valuation of Investment Property

Refer to the material accounting policy in Note 3.5 and explanatory Note 14 to these financial statements.

Risk Description

As of 31st March 2025, Investment Property carries at fair value amounted to Rs 780 Mn. Further the Company has recorded a net gain on revaluation of Investment Property amounting to Rs. 30 Mn.

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 recognised industry standards.

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.

Our audit procedures included

- Assessing the objectivity, independence, competence and qualifications of the external Valuer.
- With the assistance of our own KPMG valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the Investment Property and comparing the same with evidence of current market values. In addition to that, we have assessed the valuation methodologies with reference to recognised industry standards.
- Assessing the adequacy of financial statements disclosures as per the required accounting standards.

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. All rights reserved.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne



02. Recoverability of Trade Receivables

Refer to the material accounting policy in Note 3.8 and explanatory Note 19 to these financial statements.

Risk Description

The Company has recognised trade receivable balance of Rs. 2,070.4 Mn. as of 31st March 2025, after a provision for impairment of Rs. 110.8 Mn.

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 considering the credit history of the Company's customers and current market and customer-specific conditions, all of which involve a significant degree of management judgement.

The Company's allowances for doubtful debts include a specific element based on individual debtors and a collective element based on historical experience adjusted for certain current factors.

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.

Our audit procedures included

- 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.
- Testing the adequacy of the provisions for impairment recorded against trade receivable balances, based on the 'Expected Credit Loss' model as per 'SLFRS 09', as well as the reasonableness of the model methodology, key assumptions, and management's model validation, with the assistance of our own KPMG valuation specialists. We substantively tested the completeness and accuracy of key inputs into the models and assessed the appropriateness of the assumptions used.
- Assessing the adequacy of financial statements disclosures as per the required accounting standards.

03. Carrying value of Inventories

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

Risk Description

The Company carried inventories of Rs. 3,892.3 Mn as at 31st March 2025 at the lower of cost or net realisable value after a provision for obsolete/ slow moving inventory of Rs. 272.3 Mn.

The Company hold significant level of inventory and judgment is exercised with regard to categorisation 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 realisable 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 managing 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 realisation 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.
- Assessing whether the accounting policies had been consistently applied and the adequacy of the financial statements disclosures in respect of the judgment and estimation made in respect of inventory provisioning.

INDEPENDENT AUDITOR'S REPORT



Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be



thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2618.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

27 August 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,	Note	Company and Investee		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	5	17,657,509,734	13,996,828,307	17,657,509,734	13,996,828,307
Cost of sales		(13,522,776,040)	(10,747,502,908)	(13,522,776,040)	(10,747,502,908)
Gross profit		4,134,733,694	3,249,325,399	4,134,733,694	3,249,325,399
Other income	6	16,469,428	56,362,615	16,469,428	56,362,615
Change in fair value of investment property	14	30,000,000	28,000,000	30,000,000	28,000,000
Distribution expenses		(837,633,064)	(654,862,658)	(837,633,064)	(654,862,658)
Administrative expenses		(484,954,796)	(494,125,433)	(484,954,796)	(494,125,433)
Profit from operations	7	2,858,615,262	2,184,699,923	2,858,615,262	2,184,699,923
Finance income		443,058,169	529,491,983	443,058,169	529,491,983
Finance expenses		(64,264,260)	(287,166,677)	(64,264,260)	(287,166,677)
Net finance income	8	378,793,909	242,325,306	378,793,909	242,325,306
Share of profit/(loss) of equity accounted investee net of tax	17.2.1	(1,300,127)	2,284,561	-	-
Profit before tax		3,236,109,044	2,429,309,790	3,237,409,171	2,427,025,229
Income tax expense	9	(934,722,667)	(705,462,529)	(934,722,667)	(705,462,529)
Profit for the year		2,301,386,377	1,723,847,261	2,302,686,504	1,721,562,700
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss on employee benefit obligations	27.2.1.b	(15,830,338)	(183,597)	(15,830,338)	(183,597)
Revaluation of property, plant and equipment	12.1	-	356,135,172	-	356,135,172
Share of OCI of equity accounted Investee, net of tax	17.2.2	-	6,361,485	-	-
Related tax	9.2	4,749,101	(106,785,473)	4,749,101	(106,785,473)
Other comprehensive income for the year net of tax		(11,081,237)	255,527,587	(11,081,237)	249,166,102
Total comprehensive income for the year		2,290,305,140	1,979,374,848	2,291,605,267	1,970,728,802
Earnings per share					
Basic earnings per share (Rs.)	10	105.57	79.08	105.63	78.97

The Notes to the Financial Statements from pages 120 to 171 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

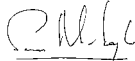
		Company and Investee		Company	
As at 31 March		2025	2024	2025	2024
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,494,157,351	1,505,279,206	1,494,157,351	1,505,279,206
Investment property	14	780,000,000	750,000,000	780,000,000	750,000,000
Right-of-use assets	16	1,862,455	1,339,408	1,862,455	1,339,408
Investment in equity accounted investee	17	78,839,253	80,139,380	51,200,000	51,200,000
Total non-current assets		2,354,859,059	2,336,757,994	2,327,219,806	2,307,818,614
Current assets					
Inventories	18	3,892,360,090	3,254,800,499	3,892,360,090	3,254,800,499
Trade and other receivables	19	2,130,092,204	1,052,677,068	2,130,092,204	1,052,677,068
Amount due from related companies	31.2	3,289,427	301,411,218	3,289,427	301,411,218
Value added tax recoverable		966,625,021	877,796,873	966,625,021	877,796,873
Deposits and prepayments		23,848,451	23,818,380	23,848,451	23,818,380
Financial assets measured at FVTPL	20	3,583,976,538	987,261,268	3,583,976,538	987,261,268
Investments in fixed deposits	21	2,975,461,733	3,914,155,622	2,975,461,733	3,914,155,622
Cash and cash equivalents	22	684,828,687	1,368,191,614	684,828,687	1,368,191,614
Total current assets		14,260,482,151	11,780,112,542	14,260,482,151	11,780,112,542
Total assets		16,615,341,210	14,116,870,536	16,587,701,957	14,087,931,156
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	24	823,459,321	823,459,321	747,227,077	747,227,077
General reserves	25	431,136,000	431,136,000	431,136,000	431,136,000
Retained earnings	26	11,772,076,458	9,699,771,318	11,820,669,449	9,747,064,182
Total equity		13,244,671,779	11,172,366,639	13,217,032,526	11,143,427,259
Non-current liabilities					
Employee benefits	27	204,841,285	182,332,418	204,841,285	182,332,418
Deferred taxation	28	228,751,398	238,045,831	228,751,398	238,045,831
Interest bearing borrowings	29	25,231,387	36,170,485	25,231,387	36,170,485
Total non-current liabilities		458,824,070	456,548,734	458,824,070	456,548,734
Current liabilities					
Trade and other payables	30	1,382,082,528	818,666,592	1,382,082,528	818,666,592
Amount due to related companies	31.1	575,740,896	713,305,263	575,740,896	713,305,263
Current tax payables	32	916,647,603	893,394,166	916,647,603	893,394,166
Unclaimed dividends	33	17,909,912	14,721,507	17,909,912	14,721,507
Interest bearing borrowings	29	12,167,145	47,825,790	12,167,145	47,825,790
Bank overdrafts	22	7,297,277	41,845	7,297,277	41,845
Total current liabilities		2,911,845,361	2,487,955,163	2,911,845,361	2,487,955,163
Total liabilities		3,370,669,431	2,944,503,897	3,370,669,431	2,944,503,897
Total equity and liabilities		16,615,341,210	14,116,870,536	16,587,701,957	14,087,931,156

The Notes to the Financial Statements from pages 120 to 171 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.


Hemamaka 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:


U. G. Madanayake
Chairman


Suren Madanayake
Deputy Chairman

27 August 2025
Colombo

STATEMENT OF CHANGES IN EQUITY

COMPANY AND INVESTEEES

For the year ended 31 March 2025		Stated Capital	Capital Reserves	General Reserves	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2023		218,000,000	567,803,216	431,136,000	8,117,752,575	9,334,691,791
Profit for the year		-	-	-	1,723,847,261	1,723,847,261
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(128,518)	(128,518)
Revaluation of property, plant and equipment, net of tax		-	255,656,105	-	-	255,656,105
Total comprehensive income for the year		-	255,656,105	-	1,723,718,743	1,979,374,848
Transactions with owners of the Company						
Interim dividend - 2022/23	11	-	-	-	(141,700,000)	(141,700,000)
Balance as at 31 March 2024		218,000,000	823,459,321	431,136,000	9,699,771,318	11,172,366,639
Balance as at 1 April 2024		218,000,000	823,459,321	431,136,000	9,699,771,318	11,172,366,639
Profit for the year		-	-	-	2,301,386,377	2,301,386,377
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(11,081,237)	(11,081,237)
Total comprehensive income for the year		-	-	-	2,290,305,140	2,290,305,140
Transactions with owners of the Company						
Interim dividend - 2023/2024	11	-	-	-	(218,000,000)	(218,000,000)
Balance as at 31 March 2025		218,000,000	823,459,321	431,136,000	11,772,076,458	13,244,671,779

COMPANY

For the year ended 31 March 2025		Stated Capital	Capital Reserves	General Reserves	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April 2023		218,000,000	497,932,457	431,136,000	8,167,330,000	9,314,398,457
Profit for the year		-	-	-	1,721,562,700	1,721,562,700
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(128,518)	(128,518)
Revaluation of property, plant and equipment, net of tax		-	249,294,620	-	-	249,294,620
Total comprehensive income for the year		-	249,294,620	-	1,721,434,182	1,970,728,802
Transactions with owners of the Company						
Interim dividend - 2022/23	11	-	-	-	(141,700,000)	(141,700,000)
Balance as at 31 March 2024		218,000,000	747,227,077	431,136,000	9,747,064,182	11,143,427,259
Balance as at 1 April 2024		218,000,000	747,227,077	431,136,000	9,747,064,182	11,143,427,259
Profit for the year		-	-	-	2,302,686,504	2,302,686,504
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(11,081,237)	(11,081,237)
Total comprehensive income for the year		-	-	-	2,291,605,267	2,291,605,267
Transactions with owners of the Company						
Interim dividend - 2023/24	11	-	-	-	(218,000,000)	(218,000,000)
Balance as at 31 March 2025		218,000,000	747,227,077	431,136,000	11,820,669,449	13,217,032,526

The Notes to the Financial Statements from pages 120 to 171 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31 March,	Note	Company and Investee		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash flow from operating activities					
Profit before taxation		3,236,109,044	2,429,309,790	3,237,409,171	2,427,025,229
Adjustments for:					
Share of loss/(profit) from equity accounted investee (net of tax)	17.2.1	1,300,127	(2,284,561)	-	-
Interest income	8	(443,058,169)	(529,491,983)	(443,058,169)	(529,491,983)
Interest expense	8	11,334,715	17,979,729	11,334,715	17,979,729
Change in fair value of investment property	14	(30,000,000)	(28,000,000)	(30,000,000)	(28,000,000)
Depreciation of property, plant and equipment	12	91,861,637	83,650,647	91,861,637	83,650,647
Amortisation of right-of use assets	16	1,117,473	892,916	1,117,473	892,916
Net effect of termination of lease assets	16 & 29	(558,366)	-	(558,366)	-
Profit on disposal of property, plant and equipment		(847,458)	(5,175)	(847,458)	(5,175)
Provision/(reversal of provision) for impairment of trade and other receivables		6,782,012	(72,131,352)	6,782,012	(72,131,352)
Remeasurement gain of investment in unit trusts		(99,657,987)	(26,500,123)	(99,657,987)	(26,500,123)
Provision for obsolete and slow moving inventories	18.1	39,843,420	68,690,517	39,843,420	68,690,517
Unrealised exchange loss on investment in fixed deposit	21	9,072,608	125,176,727	9,072,608	125,176,727
Inventory write off	7	8,591,922	7,305,403	8,591,922	7,305,403
Debtors write off	7	-	952,249	-	952,249
Provision for warranties		4,273,600	2,756,684	4,273,600	2,756,684
Write off of property, plant and equipment	12	26,176	441,675	26,176	441,675
Write back of unclaimed dividends	33	(1,460,217)	-	(1,460,217)	-
Provision for employee benefits	27.2	34,203,744	39,213,196	34,203,744	39,213,196
Operating profit before working capital changes		2,868,934,281	2,117,956,339	2,868,934,281	2,117,956,339
Changes in working capital					
Increase in inventories		(685,994,933)	(524,647,635)	(685,994,933)	(524,647,635)
Decrease/(increase) in trade and other receivables		(1,084,197,148)	78,025,470	(1,084,197,148)	78,025,470
Decrease in amount due from related companies		48,121,791	192,473,125	48,121,791	192,473,125
Increase in deposits and prepayments and value added tax recoverable		(88,858,219)	(96,843,992)	(88,858,219)	(96,843,992)
Increase in trade and other payables		559,142,336	365,265,701	559,142,336	365,265,701
Increase/(decrease) in amount due to related companies		(137,564,367)	398,747,290	(137,564,367)	398,747,290
Cash generated from operations		1,479,583,741	2,530,976,298	1,479,583,741	2,530,976,298
Gratuity paid	27.2	(27,525,215)	(9,683,630)	(27,525,215)	(9,683,630)
Current tax paid	32	(916,014,562)	(689,484,961)	(916,014,562)	(689,484,961)
Interest paid		(11,334,715)	(17,979,729)	(11,334,715)	(17,979,729)
Net cash generated from operating activities		524,709,249	1,813,827,978	524,709,249	1,813,827,978
Cash flow from investing activities					
Proceeds from disposal of property, plant and equipment	6	847,458	18,297	847,458	18,297
Short term loans re-paid by related parties	31.2	250,000,000	225,686,048	250,000,000	225,686,048
Acquisition of property, plant and equipment	12	(80,765,958)	(74,988,255)	(80,765,958)	(74,988,255)
Investment in unit trust	20	(3,480,000,000)	(960,761,145)	(3,480,000,000)	(960,761,145)
Withdrawal of unit trust net of realised gain	20	982,942,717	-	982,942,717	-
Investment in fixed deposits	21	(3,391,426,143)	(3,924,331,932)	(3,391,426,143)	(3,924,331,932)
Withdrawal of fixed deposits	21	4,241,069,725	2,877,941,575	4,241,069,725	2,877,941,575
Interest received		523,035,868	414,491,566	523,035,868	414,491,566
Net cash used in investing activities		(954,296,333)	(1,441,943,846)	(954,296,333)	(1,441,943,846)
Cash flow from financing activities					
Dividend paid	33	(213,351,378)	(139,021,264)	(213,351,378)	(139,021,264)
Loan repayments during the year	29.1	(46,638,132)	(154,638,132)	(46,638,132)	(154,638,132)
Capital repayment of lease liabilities	29.2	(1,041,765)	(1,011,197)	(1,041,765)	(1,011,197)
Net cash used in financing activities		(261,031,275)	(294,670,593)	(261,031,275)	(294,670,593)
Net increase/(decrease) in cash and cash equivalents		(690,618,359)	77,213,539	(690,618,359)	77,213,539
Cash and cash equivalents at beginning of the year	22	1,368,149,769	1,290,936,230	1,368,149,769	1,290,936,230
Cash and cash equivalents at the end of the year	22	677,531,410	1,368,149,769	677,531,410	1,368,149,769

The Notes to the Financial Statements from pages 120 to 171 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 selling of Power cables, Telecommunication cables and Enamelled winding wires.

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

1.4. Number of Employees

The number of employees of the Company as at 31 March 2025 was 506 (2024 – 505).

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 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 27 August 2025.

2. BASIS OF PREPARATION

2.1 Current versus - Non-Current Classification

All assets and liabilities are classified as current and non-current as per company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include

elements which are not expected to be realised within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date

2.2 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. 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.

2.2.1 Statement of Presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and include necessary disclosures in compliance with the Listing Rules of the Colombo Stock Exchange.

2.3 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	27
Interest Bearing Borrowings	Measured at amortised cost	29
Financial assets measured at FVTPL	Measured at fair value	20
Investments in fixed deposits	Measured at amortised cost	21
Lease Liability and Right-of-use Assets	Measured at its present value of lease payments.	16

2.4 Functional and Presentation Currency

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

2.5 Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts 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	2.5.1
Useful lifetime of the property, plant, and equipment	2.5.2
Impairment on non-financial assets	3.8.2
Fair value of Investment Property	2.5.3
Measurement of defined benefit obligation: key actuarial assumptions	2.5.4
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions	2.5.5

2.5.1 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 12.3 and 12.4.

2.5.2 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.

2.5.3 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, Investment property 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.

2.5.4 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 27.3 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 27.4.

2.5.5 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.

2.6 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

NOTES TO THE FINANCIAL STATEMENTS

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.

2.7 Fair Value Measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

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

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

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

Fair Value Hierarchy

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

Level 1

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

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

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

Level 2

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

This category includes instruments valued using;

- (a) quoted market prices in active markets for similar instruments,
- (b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
- (c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable

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

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

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

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

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

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

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

2.8 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 crisis on the Company and the appropriateness of the use of the going concern basis. Company has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer 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.

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 Material 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. MATERIAL ACCOUNTING POLICIES

There were no changes in material accounting policies used by the Company during the financial year. Further, there were no significant impact to the financial statements of the Company from new or amended accounting standards and interpretations that were required to be incorporated into the financial statements with effect from 01st April 2024.

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 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. 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 labour, 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

NOTES TO THE FINANCIAL STATEMENTS

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 recognised in Other Comprehensive Income and presented in Capital 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 Capital Reserve in equity only to the extent of any credit balance existing in the Capital Reserve in respect of that asset. Any balance remaining in the Capital 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 capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised 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 recognised in profit or loss. Land is not depreciated.

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

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

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

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

d) Derecognition

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

e) Capital work in progress

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

f) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised 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.

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 the capital reserve is transferred to retained earnings.

3.6 Inventories

Inventories are valued at lower of cost or net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realisation 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.

NOTES TO THE FINANCIAL STATEMENTS

(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
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not 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 (SPPI)

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 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 compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant on 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 cost These assets are subsequently measured at amortised cost using the effective interest method. The gross carrying amount 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.

(f) Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are measured at amortised cost or FVTPL. A financial liability is measured 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

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 debtor 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 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.

NOTES TO THE FINANCIAL STATEMENTS

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; 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

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property and deferred tax assets) 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 disposal. value in use is based on the estimated future cash flows, 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 recognised 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 recognised 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 27 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 recognised 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 recognised 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Capital commitments and contingent liabilities of the Company is disclosed in Notes 38 and 39 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 recognised 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 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

NOTES TO THE FINANCIAL STATEMENTS

are recognised in Profit or Loss in the year in which the expenditure is incurred.

Borrowing Cost

The Company capitalises 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 recognised 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 recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised 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 recognised 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 recognised for 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 recognise 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 realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised 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 ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new accounting standards are effective for annual periods beginning after 01st April 2025 and earlier application is permitted. However, the Company has not early adopted the following new or amended Accounting standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's Financial Statements.

SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures.

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. These standards will become effective for the Group from 01st January 2025. No financial impact is expected on the Group except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

The Company generates revenue primarily from the sale of Power cables, Telecommunication cables and Enamelled winding wires.

5.1 Revenue from contracts with customers

For the year ended 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Local sales		
Manufacturing and fabrication	12,723,301,320	9,844,673,469
Trading	2,102,222,544	1,737,770,654
Export sales		
Direct exports	2,001,992,526	1,581,657,642
Indirect exports	829,993,344	832,726,542
	17,657,509,734	13,996,828,307

5.2 Timing of revenue recognition

For the year ended 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Products and services transferred at a point in time	17,657,509,734	13,996,828,307
	17,657,509,734	13,996,828,307

6. OTHER INCOME

For the year ended 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Gain on disposal of property, plant and equipment	847,458	5,175
Sundry sales and sundry income (Note 6.1)	15,621,970	56,357,440
	16,469,428	56,362,615

- 6.1.** Sundry sales includes sale of scraps, raw materials and receipts from Ceylon Electricity Board for solar power generation. Sundry income includes write back of unclaimed credit balances of trade receivables and interest received for refundable deposits.

7. PROFIT FROM OPERATIONS

For the year ended 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Profit from operation is stated after charging all expenses including the following.		
Directors' emoluments/ fee	6,431,666	30,417,390
Auditor's remuneration		
Statutory audit	1,075,000	995,000
Audit related services	165,000	90,000
Depreciation on property, plant and equipment	91,861,637	83,650,647
Provision for obsolete and slow moving inventories	39,843,420	68,690,517
Write off of inventory during the year	8,591,922	7,305,403
Provision/(reversal of provision) for impairment of trade and other receivables	6,782,012	(72,131,352)
Provision for warranties	4,273,600	2,756,684
Debtors write off during the year	-	952,249
Write off of property, plant and equipment	26,176	441,674
Legal fees	1,277,864	1,442,978
Donations	1,120,000	35,000
Staff Costs - (Note 7.1)	1,001,373,031	920,610,132

7.1 Staff cost other than directors emoluments

For the year ended 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Salaries, wages and related cost	661,153,117	603,159,083
Defined contribution plan cost-EPF, ETF	59,117,845	57,631,505
Defined benefit plan cost-retiring gratuity	34,203,744	39,213,196
Staff cost other than above	246,898,325	220,606,348
	1,001,373,031	920,610,132

NOTES TO THE FINANCIAL STATEMENTS

8. NET FINANCE INCOME

For the year ended 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
8.1 Finance income		
Interest income from foreign currency deposits	139,638,562	205,838,261
Interest income from local currency deposits	95,882,777	234,984,184
Interest income from loan given to ACL Cables PLC	11,388,246	62,169,415
Gain on financial assets measured at FVTPL	196,148,584	26,500,123
Total finance income	443,058,169	529,491,983
8.2 Finance expenses		
Net foreign exchange loss	(52,929,545)	(269,186,948)
Interest expense on bank overdraft	(70,985)	(29,145)
Interest expense on bank loans	(3,333,384)	(10,071,279)
Interest expense on lease liabilities	(208,227)	(341,099)
Interest expense on distributor deposits and staff money retained	(7,722,119)	(7,538,206)
Total finance expense	(64,264,260)	(287,166,677)
Net finance income recognised in profit or loss	378,793,909	242,325,306

9. INCOME TAX EXPENSE

9.1 Amounts recognised in Profit or Loss

For the year ended 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Current taxation		
Current tax expense - (Note 9.3)	937,157,818	709,368,877
Under provision in respect of prior years	2,110,181	4,070,416
	939,267,999	713,439,293
Deferred taxation		
Deferred tax liability reversal during the year - (Note 28.2)	(2,358,732)	(479,444)
Deferred tax assets originated during the year - (Note 28.1)	(2,186,600)	(7,497,320)
	(4,545,332)	(7,976,764)
Income tax expense recognised in profit or loss	934,722,667	705,462,529

9.2 Amounts recognised in Other Comprehensive Income

	Value before tax Rs.	Tax (expenses) / benefit Rs.	Net of tax Rs.
For the year ended 31 March 2025			
Actuarial loss on employee benefit obligations	(15,830,338)	4,749,101	(11,081,237)
	(15,830,338)	4,749,101	(11,081,237)

For the year ended 31 March 2024

Actuarial loss on employee benefit obligations	(183,597)	55,079	(128,518)
Revaluation of property, plant and equipment	356,135,172	(106,840,552)	249,294,620
	355,951,575	(106,785,473)	249,166,102

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

For the year ended 31 March,	Company and Investee		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit before tax	3,236,109,044	2,429,309,790	3,237,409,171	2,427,025,229
Share of equity accounted investee profit or loss share	1,300,127	(2,284,561)	-	-
Adjusted profit before tax	3,237,409,171	2,427,025,229	3,237,409,171	2,427,025,229
Aggregate disallowable expenses	186,605,263	258,590,283	186,605,263	258,590,283
Aggregate allowable expenses	(129,669,020)	(60,709,028)	(129,669,020)	(60,709,028)
Income not liable for tax	(170,486,020)	(260,343,559)	(170,486,020)	(260,343,559)
Taxable Income	3,123,859,394	2,364,562,925	3,123,859,394	2,364,562,925
Income tax on current year profit	937,157,818	709,368,877	937,157,818	709,368,877
Income tax charged at				
Standard rate of 30%	937,157,818	709,368,877	937,157,818	709,368,877
Income tax on current year profits	937,157,818	709,368,877	937,157,818	709,368,877

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 45 of 2022, the Company is liable for income tax at the standard rate of 30% on its taxable income.

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		
	2025			2024		
	Rs.	Rs.	%	Rs.	Rs.	%
		Tax			Tax	
Profit before tax	3,237,409,171			2,427,025,229		
Tax using the Company's domestic tax rate	3,237,409,171	971,222,751	30.0%	2,427,025,229	728,107,569	30.0%
Non-deductible expenses	186,605,263	55,981,579	1.7%	258,590,283	77,577,085	3.2%
Tax-exempt income	(170,486,020)	(51,145,806)	-1.6%	(260,343,559)	(78,103,069)	-3.2%
Tax effect of allowable expenses	(129,669,020)	(38,900,706)	-1.2%	(60,709,028)	(18,212,708)	-0.8%
Changes in estimates related to prior years	-	2,110,181	0.1%	-	4,070,416	0.2%
Deferred tax reversal	-	(4,545,332)	-0.1%	-	(7,976,764)	-0.3%
	3,123,859,394	934,722,667	28.9%	2,364,562,925	705,462,529	29.1%

10. EARNINGS PER SHARE

Basic earnings per share

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

For the year ended 31 March,	Company and Investee		Company	
	2025	2024	2025	2024
Profit attributable to ordinary shareholders (Rs.)	2,301,386,377	1,723,847,261	2,302,686,504	1,721,562,700
Weighted average number of ordinary shares	21,800,000	21,800,000	21,800,000	21,800,000
Basic earnings per share (Rs.)	105.57	79.08	105.63	78.97

Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2025 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would required restatement of earning per share.

11. DIVIDEND PER SHARE

For the year ended 31 March,	Company	
	2025	2024
Interim dividend declared - 2022/23- (Rs.)	-	141,700,000
Interim dividend declared - 2023/24- (Rs.)	218,000,000	-
	218,000,000	141,700,000
Gross dividend -(Rs.)	218,000,000	141,700,000
Number of shares	21,800,000	21,800,000
Dividend per share (Rs.)	10.00	6.50

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Reconciliation of carrying amount

	Company and Investee / Company							Total as at 31 March 2025	Total as at 31 March 2024
	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	629,100,000	414,546,200	26,767,051	32,307,154	211,486,454	808,461,545	260,491,461	2,383,159,865	2,088,439,268
Additions during the year	10,106,000	9,859,500	3,240,000	1,344,928	-	819,391	55,396,139	80,765,958	74,988,255
Surplus on revaluation	-	-	-	-	-	-	-	-	356,135,172
Transfers during the year	-	-	-	-	-	5,048,000	(5,048,000)	-	-
Accumulated depreciation transferred	-	-	-	-	-	-	-	-	(81,839,372)
Write-off during the year	-	-	(470,565)	-	(158,232)	-	-	(628,797)	(54,497,133)
Disposals during the year	-	-	-	-	-	-	-	-	(66,325)
Balance as at 31 March	639,206,000	424,405,700	29,536,486	33,652,082	211,328,222	814,328,936	310,839,600	2,463,297,026	2,383,159,865
Accumulated depreciation									
Balance as at 1 April	-	-	17,797,209	23,298,916	183,401,310	653,383,224	-	877,880,659	930,178,045
Charge for the year	-	40,969,268	1,759,752	3,222,395	16,189,112	29,721,110	-	91,861,637	83,650,647
Accumulated depreciation transferred	-	-	-	-	-	-	-	-	(81,839,372)
Write-off during the year	-	-	(444,389)	-	(158,232)	-	-	(602,621)	(54,055,459)
Disposals during the year	-	-	-	-	-	-	-	-	(53,202)
Balance as at 31 March	-	40,969,268	19,112,572	26,521,311	199,432,190	683,104,334	-	969,139,675	877,880,659
Carrying value									
As at 31 March 2025	639,206,000	383,436,432	10,423,914	7,130,771	11,896,032	131,224,602	310,839,600	1,494,157,351	
As at 31 March 2024	629,100,000	414,546,200	8,969,842	9,008,238	28,085,144	155,078,321	260,491,461		1,505,279,206

12.2 Valuation of lands and buildings

The Company uses the revaluation model of measurement for land 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 differences in the nature, location or condition of the specific property. The date of the most recent valuation was 31 March 2024. There is no significant change in fair value especially as confirmed by the independent valuer on 31st March 2025.

Fair value hierarchy

The fair value of the land and buildings 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 12.4.

NOTES TO THE FINANCIAL STATEMENTS

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

Property owned by Kelani Cables PLC	Extent		No of buildings	Method of valuation	Date of Valuation	Valuer	Revalued Amount		As at 31 March 2024	
	Land	Buildings					Land	Buildings	Carrying value after revaluation	Carrying value if carried at cost
	(Perches)	(Square feet)					Rs.	Rs.	Rs.	Rs.
Land and buildings situated at Wewelduwa, Kelaniya	1,086.40	122,223	19	Market comparable method/ Depreciated replacement cost method	31/03/2024	Mr. Senanayake Bandara, a fellow	573,100,000	313,546,200	886,646,200	243,946,605
Land and buildings situated at Mahena Road, Siyambalape South, Siyambalape	172.75	35,583	5	Market comparable method/ Depreciated replacement cost method	31/03/2024	Member of Institute of Valuers of Sri Lanka	56,000,000	101,000,000	157,000,000	10,007,822
Land and buildings	1,259.15	157,806	24				629,100,000	414,546,200	1,043,646,200	253,954,427

The Land and buildings were revalued as at 31 March 2024, by external independent property valuer Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka. The surplus on revaluation of Rs. 356,135,172/- relating to land and buildings were incorporated in the financial statements on 31 March 2024. 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 under the Capital Reserve.

The details of free hold land and buildings as at 31 March 2025 as follows.

Property owned by Kelani Cables PLC	Extent		No of buildings	Carrying Amount as at 31 March 2025		Carrying value if carried at cost as at 31 March 2025	
	Land	Buildings		Land	Buildings	Land	Buildings
	(Perches)	(Square feet)		Rs.	Rs.	Rs.	Rs.
Land and buildings	1,268.25	159,776	25	639,206,000	383,436,432	217,194,606	47,552,693

12.4 Significant unobservable inputs used in measuring fair value

The table below sets out the significant unobservable inputs used in measuring land and buildings categorised as Level 3 in the fair value hierarchy as at 31 March 2024.

Location and address of property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement The estimated fair value would increase/ (decrease) if:
Wewelduwa, Kelaniya	Market comparable method	Land - Price per perch	Rs.100,000/- to Rs.1,325,000/-	Price per perch for land increases/(decreases)
	Depreciated replacement cost method	Building -Price per square feet	Rs.1,100/- to Rs.5,250/-	Price per square feet for buildings increases/ (decreases)
Mahena Road, Siyambalape South, Siyambalape	Market comparable method	Land - Price per perch	Rs. 325,000/-	Price per perch for land increases/(decreases)
	Depreciated replacement cost method	Building -Price per square feet	Rs1,000/-to Rs.3,500/-	Price per square feet for building increases/ (decreases)

Market comparable method

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

Depreciated Replacement Cost Method

The Replacement Cost method is a method used in real estate appraisal to estimate the value of a property. It is commonly employed for properties with unique features or characteristics that make it difficult to find comparable properties for comparison. This approach focuses on determining the cost to replace or reproduce the property in its current condition.

12.5 Fully depreciated property, plant and equipment in use

Details of fully depreciated assets as at the reporting date is as follows;

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Buildings	-	10,890,323
Furniture, fittings and office equipment	10,724,649	10,556,604
Business machines	18,378,204	16,060,126
Motor vehicles	130,802,504	130,221,104
Plant, machinery, and electrical fittings	530,720,618	499,424,823
	690,625,975	667,152,980

12.6 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.

12.7 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.

12.8 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 2025 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 (2023/2024. - Nil).

12.9 Temporarily idle property, plant and equipment

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

12.10 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.

NOTES TO THE FINANCIAL STATEMENTS

13. INTANGIBLE ASSETS

13.1 Reconciliation of carrying amount

As at 31 March	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Computer software		
Cost		
Balance as at 1 April	12,750,925	12,750,925
Balance as at 31 March	12,750,925	12,750,925
Accumulated amortisation		
Balance as at 1 April	12,750,925	12,750,925
Balance as at 31 March	12,750,925	12,750,925
Carrying value as at 31 March	-	-

14. INVESTMENT PROPERTY

14.1 Reconciliation of carrying amount

As at 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Balance as at 1 April	750,000,000	722,000,000
Change in fair value (Note 14.2)	30,000,000	28,000,000
Balance as at 31 March	780,000,000	750,000,000

Changes in the fair values are recognised as gain in profit or loss. All gains are unrealised.

14.2 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	780,000,000

14.3 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 an independent professional Valuer Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31 March 2025.

The significant unobservable inputs used in measuring land is categorised as Level 3 in the fair value hierarchy as at 31 March 2025.

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 and 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 - price per acre	Carrying value before revaluation of land	Fair value of land	Fair value gain recognised on land	Significant unobservable valuation inputs	Inter relationship between significant unobservable inputs and fair value measurement
	Rs.	Rs.	Rs.	Rs.		
Market comparable method	60,000,000	750,000,000	780,000,000	30,000,000	Price per perch for land	Estimated fair value would increase/(decreases) If; price per perch of land increases/(decreases)

14.4 As per the Inland Revenue (Amendment) Act No 45 of 2022 which has been legislated and has become effective from 01st October 2022, the Company will be liable for capital gain tax at the rate of 30% on the revaluation surplus in excess of the deemed cost of investment assets. Accordingly, deferred tax liability has been recognised in the financial statements.

14.5 Direct operating expenses arising from investment property that did not generate rental income during the year was Rs. 192,000/- (2023/24 -Rs.192,000/-).

15. INVESTMENT IN SUBSIDIARY

As at 31 March,	Company and Investee / Company			
	Company Holding	No. of Shares	2025	2024
			Rs.	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	
	2025	2024
	Rs.	Rs.
Cost		
Balance as at 1 April	4,911,092	4,911,092
Termination of lease assets	(4,911,092)	-
Additions to right-of-use assets	2,979,928	-
Balance as at 31 March	2,979,928	4,911,092
Accumulated amortisation		
Balance as at 1 April	3,571,684	2,678,768
Termination of lease assets	(3,571,684)	-
Charge for the year	1,117,473	892,916
Balance as at 31 March	1,117,473	3,571,684
Carrying value as at 31 March	1,862,455	1,339,408

NOTES TO THE FINANCIAL STATEMENTS

16.1 Lease Additions – Prince Street Premises

On 11th July 2024, the Company entered into a lease agreement with Mr. Mohammed Suffiyan Mohammed Shihab and Mr. Mohammed Suffiyan Althaf Ahamed for the lease of commercial premises located at No. 11-1/1, Prince Street, Colombo 11, for a period of two years ending on 10th July 2026.

In accordance with SLFRS 16, the Company has recognised a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments, and the right-of-use asset is depreciated over the lease term.

The lease does not include an automatic renewal option. However, the Company may request a renewal by giving three months' written notice prior to the lease expiry, subject to mutual agreement of both parties. The lease may be terminated early in the event of a breach. If the Lessee fails to rectify the breach within 14 days of written notice from the Lessors, the Lessors have the right to terminate the lease.

16.2 Lease Termination – Maliban Street Premises

The Company previously occupied premises at No. 90/1 and 90/2, Maliban Street, Colombo 11, under a lease agreement with Mr. Anto Robinson Morais. Upon the Company's request, the lessor formally approved the early termination of the lease, effective 01st April 2024.

In accordance with SLFRS 16, the Company has derecognised the associated right-of-use asset and lease liability as of the termination date. any resulting gain or loss on derecognition has been recognised in the profit or loss.

17. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

17.1 Investment in ACL-Kelani Magnet Wire (Private) Limited

As at 31 March,	Company	
	2025	2024
	Rs.	Rs.
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 were 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.

The Board of Directors are of the opinion that no asset of the Associate Company is likely to be realised for an amount less than the amount at which it is recorded in the Associate's financial statements as at 31 March 2025 as the Company has ceased its operations.

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.

17.2 Value of the investment

As at 31 March,	Company and Investee	
	2025 Rs.	2024 Rs.
Balance as at 1 April	80,139,380	71,493,334
Current years share of comprehensive income		
Included in profit or loss (Note 17.2.1)	(1,300,127)	2,284,561
Included in other comprehensive income (Note 17.2.2)	-	6,361,485
Included in comprehensive income	(1,300,127)	8,646,046
Investment in equity accounted investee	78,839,253	80,139,380
17.2.1 Included in Profit or loss		
Share of profit before tax	6,500,363	4,085,398
Share of income tax charge	(7,800,490)	(1,800,837)
Share of profit/(loss) of equity accounted investee, net of tax	(1,300,127)	2,284,561
17.2.2 Included in other comprehensive income		
Share of other comprehensive income before tax	-	14,283,237
Related Share of deferred tax	-	(7,921,752)
Share of other comprehensive income of the equity accounted investee, net of tax	-	6,361,485

NOTES TO THE FINANCIAL STATEMENTS

The following table illustrates summarised 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	Company and Investee	
	2025	2024
	Rs.	Rs.
Percentage ownership interest	29.99%	29.99%
Financial position of equity accounted investee		
Non current assets	-	-
Current assets	419,966,860	399,779,536
Non-current liabilities	-	-
Current liabilities	(157,081,722)	(132,559,196)
Net assets (100%)	262,885,138	267,220,340
Company's share of net assets (29.99%)	78,839,253	80,139,380
Carrying amount of interest in associate	78,839,253	80,139,380

17.4 Company's share of comprehensive income

For the year ended 31 March,	Company and Investee	
	2025	2024
	Rs.	Rs.
Financial performance of equity accounted investee		
Revenue (100%)	-	-
Profit/(loss) for the year, net of tax (100%)	(4,335,203)	7,617,743
Other comprehensive income (100%)	-	21,212,021
Total Comprehensive income (100%)	(4,335,203)	28,829,764
Company's share of total comprehensive income (29.99%)	(1,300,127)	8,646,046
Share of comprehensive income, net of tax	(1,300,127)	8,646,046

18. INVENTORIES

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Raw materials	882,942,966	771,399,438
Work-in-progress	647,819,870	489,851,078
Finished goods	2,173,789,346	1,967,829,243
Consumable stocks	98,226,609	101,110,958
	3,802,778,791	3,330,190,717
Impairment for obsolete inventories (Note-18.1)	(272,377,031)	(236,302,302)
	3,530,401,760	3,093,888,415
Goods in transit	361,958,330	160,912,084
	3,892,360,090	3,254,800,499

18.1 Impairment for Obsolete Inventories

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	236,302,302	167,611,785
Provision recognised during the year	39,843,420	68,690,517
Write off of inventories	(3,768,691)	-
Balance as at 31 March	272,377,031	236,302,302

19. TRADE AND OTHER RECEIVABLES

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Trade receivables	2,181,235,032	1,168,180,299
Provision for impairment of trade receivables (Note -19.1)	(110,821,591)	(153,435,257)
	2,070,413,441	1,014,745,042
Other receivables		
Staff advances	15,544,667	14,990,182
Advance paid to trade creditors	41,532,816	21,521,755
Receivables other than above	2,712,880	1,531,689
Provision for impairment of other receivables (Note -19.2)	(111,600)	(111,600)
	59,678,763	37,932,026
	2,130,092,204	1,052,677,068

NOTES TO THE FINANCIAL STATEMENTS

19.1 Provision for impairment of trade receivables

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	153,435,257	225,566,609
Written-off during the year (Note 19.1.a)	(49,395,678)	-
Provision/(provision reversal) during the year	6,782,012	(72,131,352)
	110,821,591	153,435,257

19.1.a Trade receivable with a contractual amount of Rs. 24,350,532/- written off during the year are still subject to enforcement activity.

19.2 Provision for impairment of other receivables

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	111,600	111,600
Balance as at 31 March	111,600	111,600

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Investment in Unit Trust		
Balance as at 1 April	987,261,268	-
Investments made during the year	3,480,000,000	960,761,145
Redemption made during the year	(1,075,000,000)	-
Capital gain on investment in unit trusts	92,057,283	-
Remeasurement gain of investment in unit trusts	99,657,987	26,500,123
Balance as at 31 March	3,583,976,538	987,261,268

Investment details

As at 31 March,	2025			2024		
	No. of units	Cost Rs.	Fair Value Rs.	No. of units	Cost Rs.	Fair Value Rs.
Institution						
Capital Alliance Investment Grade Fund	22,919,204	782,818,428	833,883,137	20,793,029	660,761,145	683,138,319
Capital Alliance Investment Fixed Income Opportunities Fund	63,261,226	2,375,000,000	2,417,192,476	-	-	-
NDB Wealth Management	9,288,012	300,000,000	332,900,925	9,288,012	300,000,000	304,122,949
	95,468,442	3,457,818,428	3,583,976,538	30,081,041	960,761,145	987,261,268

21. INVESTMENT IN FIXED DEPOSITS

As at 31 March,	2025 Rs.	2024 Rs.
Balance as at 1 April	3,799,155,205	2,877,941,575
Investments during the year	3,391,426,143	3,924,331,932
Withdrawals during the year	(4,241,069,725)	(2,877,941,575)
Exchange loss	(9,072,608)	(125,176,727)
Balance at the end of the year	2,940,439,015	3,799,155,205
Interest receivable	35,022,718	115,000,417
Total investment in fixed deposits as at 31 March	2,975,461,733	3,914,155,622

22. CASH AND CASH EQUIVALENTS

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Cash in hand	1,733,258	2,177,929
Cash at bank	683,095,429	1,366,013,685
Cash and cash equivalents in the statement of financial position	684,828,687	1,368,191,614
Bank overdraft	(7,297,277)	(41,845)
Cash and cash equivalents in the statement of cash flows	677,531,410	1,368,149,769

23. STATED CAPITAL

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Issued and fully paid		
21,800,000 Ordinary shares (31/03/24 - 21,800,000)	218,000,000	218,000,000
	218,000,000	218,000,000

23.1 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

24. CAPITAL RESERVES

As at 31 March,	Company and Investee		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revaluation reserve (Note 24.1)	822,934,321	822,934,321	746,702,077	746,702,077
Capital redemption reserve fund (Note 24.2)	525,000	525,000	525,000	525,000
	823,459,321	823,459,321	747,227,077	747,227,077

24.1 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	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance as at 1 April	822,934,321	567,278,216	746,702,077	497,407,457
Surplus on revaluation of land	-	195,516,375	-	195,516,375
Surplus on revaluation of buildings	-	160,618,797	-	160,618,797
Deferred tax effect on revaluation	-	(106,840,552)	-	(106,840,552)
Share of OCI of equity accounted investee, net of tax	-	6,361,485	-	-
Balance as at 31 March	822,934,321	822,934,321	746,702,077	746,702,077

24.2 Capital redemption reserve fund

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

25. GENERAL RESERVES

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Development reserve (Note 25.1)	7,143,905	7,143,905
Dividend equalisation reserve (Note 25.2)	1,000,000	1,000,000
Revenue reserve (Note 25.3)	422,992,095	422,992,095
	431,136,000	431,136,000

25.1 Development reserve

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

25.2 Dividend equalisation reserve

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

25.3 Revenue reserve

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

26. RETAINED EARNINGS

As at 31 March,	Company and Investee		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance as at 1 April	9,699,771,318	8,117,752,575	9,747,064,182	8,167,330,000
Profit for the year	2,301,386,377	1,723,847,261	2,302,686,504	1,721,562,700
Other comprehensive income for the year	(11,081,237)	(128,518)	(11,081,237)	(128,518)
Interim dividend declared during the year	(218,000,000)	(141,700,000)	(218,000,000)	(141,700,000)
Balance as at 31 March	11,772,076,458	9,699,771,318	11,820,669,449	9,747,064,182

27. EMPLOYEE BENEFITS

27.1 Defined contribution plans

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

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Employees' Provident Fund		
Employer's contribution	47,294,276	46,105,204
Employees' contribution	35,581,637	34,787,537
Employees' Trust Fund	11,823,569	11,526,301

27.2 Defined benefit plans - provision for employee benefits

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Present value of unfunded obligation (Note 27.2.1)	204,841,285	182,332,418
27.2.1 Movement of the liability recognised in statement of financial position		
Balance as at 1 April	182,332,418	152,619,255
Provision for the year (Note 27.2.1.a)	34,203,744	39,213,196
Actuarial loss during the year (Note 27.2.1.b)	15,830,338	183,597
	232,366,500	192,016,048
Payments during the year	(27,525,215)	(9,683,630)
Balance as at 31 March	204,841,285	182,332,418
27.2.1.a Amount recognised in the profit or loss		
Current service cost	12,323,854	11,741,729
Interest cost	21,879,890	27,471,467
	34,203,744	39,213,196

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
27.2.1.b Amount recognised in the statement of other comprehensive income		
Actuarial loss during the year	15,830,338	183,597
	15,830,338	183,597
The expense is recognised in the following line items in the profit or loss		
Cost of sales	15,466,140	17,133,470
Distribution expenses	11,107,116	12,193,006
Administrative expenses	7,630,488	9,886,720
	34,203,744	39,213,196

The provision for retirement benefits obligations as at 31 March 2025 is based on the actuarial valuation carried out by Independent professionally qualified actuaries, Mr. M. Poopalanathan AIA of Messrs 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".

27.3 Actuarial assumptions

As at 31 March,	Company and Investee / Company	
	2025	2024
Following were the principle actuarial assumptions at the reporting date.		
(a) Discount rate *	10.5%	12.0%
(b) Future salary increase rate	10.0%	10.0%
(c) Retirement age	60 years	60 years
(d) Staff turnover	15.0%	14.0%
(e) Weighted average retirement age	5.83 years	6.18 years
(f) Weighted average duration of defined benefit obligations	5.1 years	5 years

* A long term treasury bond rate 10.5% p.a. (2024 -12.0%) was used to discount future liabilities taking in to consideration the remaining working life of employees.

According to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continuous service.

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.

27.4 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 benefit obligation by the amounts shown below,

As at 31 March,	Company and Investee / Company			
	2025			
	Discount rate	Effect	Salary increment rate	Effect
		Rs.		Rs.
Effect on defined benefit obligation liability				
Increase by 1%	11.5%	(9,083,553)	11.0%	10,781,099
Decrease by 1%	9.5%	9,902,311	9.0%	(10,050,007)

As at 31 March,	Company and Investee / Company			
	2024			
	Discount rate	Effect	Salary increment rate	Effect
		Rs.		Rs.
Effect on defined benefit obligation liability				
Increase by 1%	13.0%	(7,609,351)	11.0%	9,180,419
Decrease by 1%	11.0%	8,295,857	9.0%	(8,553,154)

27.5 Maturity profile of the defined benefit obligation

As at 31 March,	Defined benefit obligation	
	2025	2024
	Rs.	Rs.
Future working life times		
Within the next 12 months	25,389,375	38,176,439
Between 1-2 years	47,814,122	35,355,277
Between 2-5 years	64,190,676	50,016,588
Between 5-10 years	49,283,424	43,415,961
Beyond 10 years	18,163,688	15,368,153
	204,841,285	182,332,418

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAXATION

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Deferred tax assets (Note 28.1)	(179,263,268)	(172,327,567)
Deferred tax liabilities (Note 28.2)	408,014,666	410,373,398
	228,751,398	238,045,831
28.1 Deferred tax assets		
Balance as at 1 April	172,327,567	164,775,168
Originated during the year - recognised in profit or loss	2,186,600	7,497,320
Originated during the year recognised in other comprehensive income	4,749,101	55,079
Balance as at 31 March	179,263,268	172,327,567
28.2 Deferred tax liabilities		
Balance as at 1 April	410,373,398	304,012,290
reversal during the year recognised in profit or loss	(2,358,732)	(479,444)
Originated during the year recognised in other comprehensive income	-	106,840,552
Balance as at 31 March	408,014,666	410,373,398
28.3 Provision for the year		
reversal during the year recognised in profit/(loss)	(4,545,332)	(7,976,764)
Provision/(reversal of provision) during the year recognised in other comprehensive income	(4,749,101)	106,785,473
Provision/(reversal of provision) during the year recognised in comprehensive income	(9,294,433)	98,808,709

28.4 Movement in deferred tax asset and liabilities

As at 31 March,	Statement of Financial Position						Profit or loss		Other Comprehensive Income	
	2025		2024		2025		2024		2025	
	Temporary difference	Tax Effect	Temporary difference	Tax effect	Timing difference	Rs.	Timing difference	Rs.	Timing difference	Rs.
Deferred tax liability										
Property, plant and equipment	436,175,035	130,852,511	474,560,526	142,368,158	(11,515,647)		(8,611,569)		-	48,185,639
Land revaluation	422,011,394	126,603,418	422,011,394	126,603,418	-		-		-	58,654,913
Investment property	500,000,000	150,000,000	470,000,000	141,000,000	9,000,000		8,400,000		-	-
Right-of-use assets	1,862,455	558,737	1,339,408	401,822	156,915		(267,875)		-	-
		408,014,666		410,373,398	(2,358,732)		(479,444)		-	106,840,552
Deferred tax assets										
Employee benefits	204,841,285	61,452,386	182,332,418	54,699,725	2,003,560		8,858,869		4,749,101	55,079
Provision for staff payables	371,006	111,302	457,472	137,242	(25,940)		(25,940)		-	-
Impairment provision for debtors	110,821,591	33,246,477	153,435,257	46,030,577	(12,784,100)		(21,639,406)		-	-
Impairment provision for inventory	272,377,031	81,713,109	236,302,302	70,890,691	10,822,418		20,607,156		-	-
Lease liability	1,938,163	581,449	1,897,774	569,332	12,117		(303,359)		-	-
Unrealised exchange loss	7,195,150	2,158,545	-	-	2,158,545		-		-	-
		179,263,268		172,327,567	2,186,600		7,497,320		4,749,101	55,079
		(228,751,398)		(238,045,831)	4,545,332		7,976,764		4,749,101	(106,785,473)

Management has measured the net deferred tax liability by applying the tax rates as per Inland Revenue (Amendment) Act No 45 of 2022 as at 31st March 2025. The Net Deferred Tax Liability is arrived at by applying the corporate tax rate of 30% applicable for the temporary difference as at 31st March 2025.

28.5 Tax on land valuation

As per the Inland Revenue Act No 24 of 2017, applicable from 1st April 2018, any gains on realisation from disposal of lands used in the business are liable for taxation under the business income of the entity. Accordingly, the realisation 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 realisation.

The Company has recognised a revaluation reserve on freehold land amounting to Rs. 422,011,394/- as at 31st March 2025, which is considered as the potential gain liable for taxation as at the Balance Sheet date on future realisation. Accordingly, the Company has recognised a deferred tax liability of Rs. 126,603,418/- pertaining to revaluation reserve on freehold lands, which is computed at the corporate tax rate of 30%.

NOTES TO THE FINANCIAL STATEMENTS

29. INTEREST BEARING BORROWINGS

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Current liability		
Bank borrowings (Note 29.1)	10,638,122	46,638,132
Lease liability (Note 29.2)	1,529,023	1,187,658
	12,167,145	47,825,790
Non-current liability		
Bank borrowings (Note 29.1)	24,822,247	35,460,369
Lease liability (Note 29.2)	409,140	710,116
	25,231,387	36,170,485
	37,398,532	83,996,275

29.1 Borrowings from banks

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	82,098,501	236,736,633
Loan repayments during the year	(46,638,132)	(154,638,132)
Balance as at 31 March	35,460,369	82,098,501
Current	10,638,122	46,638,132
Non-current	24,822,247	35,460,369
Total Bank borrowings as at 31 March	35,460,369	82,098,501

29.2 Lease liabilities

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	1,897,774	2,908,971
Additions during the year	2,979,928	-
Termination of lease agreement	(1,897,774)	-
Interest expense during the year	208,227	341,099
Payments made during the year	(1,249,992)	(1,352,296)
Balance as at 31 March	1,938,163	1,897,774
Current	1,529,023	1,187,658
Non-current	409,140	710,116
Total lease liabilities as at 31 March	1,938,163	1,897,774
Amounts recognised in profit or loss		
Interest on lease liabilities	208,227	341,099
Amortisation on right of use assets	1,117,473	892,926
Amounts recognised in statement of cashflows		
Interest repayment during the year	208,227	341,099
Capital repayment during the year	1,041,765	1,011,197
Amount payable after one year		
Borrowings from banks	24,822,247	35,460,369
Lease liability	409,140	710,116
	25,231,387	36,170,485
Maturity analysis of lease liability		
Within 1 year	1,529,023	1,220,283
Between 1 and 2 years	409,140	677,491
	1,938,163	1,897,774

NOTES TO THE FINANCIAL STATEMENTS

29.3 The details the bank borrowings as at the reporting date are as follows;

As at 31 March,	Currency	Interest rate	Year of maturity	2025		2024	
				Face value	Carrying amount	Face value	Carrying amount
				Rs.	Rs.	Rs.	Rs.
Peoples Bank	LKR	5.5% p.a	2025	-	-	360,000,000	36,000,000
DFCC Bank PLC	LKR	7.75% - 8.25% p.a	2029	74,466,853	35,460,369	74,466,853	46,098,501
				74,466,853	35,460,369	434,466,853	82,098,501

30. TRADE AND OTHER PAYABLES

As at 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Trade payables		
Trade payables	773,601,628	335,432,629
Bills payable	51,702,550	73,296,291
	825,304,178	408,728,920
Other payables		
Accrued charges	130,850,467	105,394,994
Nation building tax payable	17,827,208	17,827,208
SSCL payable	27,983,279	20,221,523
EPF, ETF payable	7,957,474	7,690,180
APIT payable	3,321,929	3,079,159
Distributors' deposits	79,396,805	61,250,307
Advance from debtors	191,269,472	126,328,199
Retention of payments	52,867,087	33,527,844
Provision for warranties	8,971,757	4,698,157
Allocation for Electricians' club	14,278,066	11,851,748
Security deposits of Customers	7,020,588	7,020,588
Payables other than above	15,034,218	11,047,765
	556,778,350	409,937,672
	1,382,082,528	818,666,592

31. AMOUNT DUE TO/DUE FROM RELATED COMPANIES

31.1 Amount due to related companies

As at 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
ACL Cables PLC	271,369,483	220,202,818
ACL Plastics PLC	271,028,494	404,151,585
ACL Electric (Pvt) Ltd	5,073,745	9,290,022
Cable Solutions PLC	19,875,018	50,117,816
S M Lighting (Private) Ltd	8,394,156	29,543,022
	575,740,896	713,305,263

31.2 Amount due from related companies

As at 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Trade receivables		
ACL Metals & Alloys (Pvt) Ltd	-	11,960
Ceylon Copper (Pvt) Ltd	3,289,427	4,392,463
	3,289,427	4,404,423
Short term loans and other receivables		
Loan given to ACL Cables PLC (Note 31.2.1)	-	250,000,000
Interest receivable from ACL Cables PLC	-	13,158,247
Other receivables	-	33,848,548
	3,289,427	301,411,218
31.2.1 Loans given to ACL Cables PLC		
Balance as at 1 April	250,000,000	475,686,048
Re-payments during the year	(250,000,000)	(225,686,048)
Balance as at 31 March	-	250,000,000

The Company granted loan facilities in 2021/22-Rs.500,000,000/- and in 2022/23-Rs,300,000,000/- to ACL Cables PLC for the purpose of financing working capital. According the agreement the interest is accrued monthly at the rate of AWPLR less 0.2% p.a . The Capital payment due at the expiration of the facility shall be paid with in 180 days or be rolled over as may be decided by the Company. The loan was fully settled during the year.

NOTES TO THE FINANCIAL STATEMENTS

32. CURRENT TAX PAYABLES

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	893,394,166	869,439,834
Provision for the year (Note 9.3)	937,157,818	709,368,877
Charged of under provision of tax for last year (Note 9.1)	2,110,181	4,070,416
Payments made during the year	(916,014,562)	(689,484,961)
Balance as at 31 March	916,647,603	893,394,166

33. UNCLAIMED DIVIDENDS

As at 31 March,	Company and Investee / Company	
	2025 Rs.	2024 Rs.
Balance as at 1 April	14,721,507	12,042,771
Dividend declared	218,000,000	141,700,000
Write back of unclaimed dividends	(1,460,217)	-
Payments during the year	(213,351,378)	(139,021,264)
Balance as at 31 March	17,909,912	14,721,507

34. 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.

34.1 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	2025 Rs.	2024 Rs.
Short term employee benefits/fee	6,431,666	30,417,390
Post employment benefits	11,610,313	-
Other Benefits (v)	1,000,000	-

(iii) Guarantees given to/ received from related parties

There are no guarantees given to/received from related parties.

(iv) Transaction with close family members

There were no transaction with close family members during the year ended 31 March 2025.

(v) Other Benefits

During the year, the Company sold a motor vehicle to the Managing Director upon his retirement for Rs. 1,000,000/-.

34.2 Transactions with Related Companies

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount	
				2025 Rs.	2024 Rs.
ACL Cables PLC	Ultimate parent company	U.G. Madanayake	Purchase of goods/raw materials (Gross)	(534,271,067)	(1,008,053,583)
		Suren Madanayake	Settlements during the year	536,881,737	746,898,165
		Mrs. N. C. Madanayake			
			Sale of goods, scraps and drawing charges (Gross)	48,322,525	114,196,059
			Settlements during the year	(100,495,247)	(58,897,469)
			Bills charged (by)/to ACL Cables PLC	(28,531,719)	(22,251,171)
			Settlements during the year	39,540,460	12,336,835
			Loan given to ACL Cables PLC	-	-
			Settlements during the year	(250,000,000)	(225,686,048)
			Interest on loan - charged	11,388,346	62,169,416
			Dividend paid	9,337,560	6,069,414
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(1,353,491,746)	(1,156,157,043)
		Suren Madanayake	Settlements during the year	1,486,171,170	1,038,427,335
		Mrs. N. C. Madanayake			
			Sale of goods/scraps (Gross)	5,120,215	3,808,991
			Settlements during the year	(4,676,548)	(3,808,991)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	U.G. Madanayake	-	-	-
		Suren Madanayake		-	-
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(72,734,905)	(28,492,688)
		Suren Madanayake	Settlements during the year	72,734,905	28,492,688
			Sale of goods/Scraps	-	-
			Settlements during the year	(11,960)	-

NOTES TO THE FINANCIAL STATEMENTS

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount	
				2025 Rs.	2024 Rs.
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(44,271,947)	(32,529,526)
		Suren Madanayake	Settlements during the year	47,561,374	32,529,526
			Sale of Goods	-	-
			Settlements during the year	(4,392,463)	(32,529,526)
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of finished goods (Gross)	(31,936,520)	(11,196,486)
		Suren Madanayake	Settlements during the year	36,153,523	6,200,724
			Sale of finished goods (gross)	88,952	33,402
			Settlements during the year	(89,678)	-
Lanka Olex Cables (Private) Ltd	Immediate parent company	U.G. Madanayake	Interim dividend payment 2023/24- Rs.10/- per share	163,493,480	-
		Suren Madanayake	Interim dividend payment 2022/23- Rs.6/50- per share	-	106,270,762
		Mrs. N. C. Madanayake			
ACL Polymers (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	No transactions during the year	-	-
		Suren Madanayake			
Ceylon Bulbs & Electricals Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	No transactions during the year	-	-
		Suren Madanayake			
S. M. Lighting (Private) Ltd.	Related through KMP	Suren Madanayake	Purchase of finished goods (Gross)	(117,698,024)	(282,462,033)
			Settlements during the year	138,306,844	259,511,014
			Sale of finished goods (gross)	540,046	171,266
			Settlements during the year	-	(214,957)
Cable Solutions PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Sale of finished goods/ raw materials (gross)	8,154,386	2,450,956
		Suren Madanayake	Settlements during the year	(7,803,938)	(3,311,938)
			Purchase of finished goods (Gross)	(275,727,283)	(113,789,011)
			Settlements during the year	305,619,633	67,446,312

Transactions with related parties are carried out in the ordinary course of business have been reviewed and approved by the Related Party Transaction 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 recognised 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 Note 31 to the Financial Statements.

34.3 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 2025 audited Financial Statements. Details of significant related party disclosures are as follows for the year ended 31 March 2025.

Company	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year Rs.	Aggregate value of related party transactions as % of net revenue/income	Terms and conditions of the related party transactions
ACL Cables PLC	Ultimate parent company	Purchase of goods (Gross)	534,271,067	3.0%	Ordinary course of business
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials (gross)	1,353,491,746	7.7%	Ordinary course of business

34.4 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 which ever is lower of the Company as per 31 March 2025 audited Financial Statements. Details of significant non-recurrent related party disclosures for the year ended 31 March 2025 are as follows

Company	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year Rs.	Aggregate value of related party transactions as % of equity	Aggregate value of related party transactions as % of total assets
ACL Cables PLC	Ultimate parent company	Settlement of loan and interest	261,388,246	2.0%	1.6%

35. FINANCIAL RISK MANAGEMENT

Overview

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

- 35.1 Credit risk
- 35.2 Liquidity risk
- 35.3 Market risk

Introduction and overview

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

Risk management framework

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

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

NOTES TO THE FINANCIAL STATEMENTS

The Audit and Risk Committee of Kelani Cables PLC, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit and Risk 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 and Risk Committee.

35.1 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 investment securities.

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	
	2025 Rs.	2024 Rs.
Trade and other receivables other than advances - (Note 19)	2,073,014,721	1,016,165,131
Amount due from related companies (Note 31.2)	3,289,427	301,411,218
Deposits	10,694,206	8,972,550
Financial assets measured at FVTPL (Note 20)	3,583,976,538	987,261,268
Investment in fixed deposit (Note 21)	2,975,461,733	3,914,155,622
Cash at bank (Note 22)	683,095,429	1,366,013,685
	9,329,532,054	7,593,979,474

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 2025	Gross carrying amount	Impairment on trade receivables	Net carrying amount
	Rs.	Rs.	Rs.
Less than 30 days	1,103,305,053	3,130,438	1,100,174,615
Between 31 days - 60 days	521,354,530	3,329,736	518,024,794
Between 61 days - 90 days	357,134,595	5,444,303	351,690,292
Between 91 days - 180 days	91,541,345	8,611,590	82,929,755
Between 181 days - 365 days	35,046,540	17,452,555	17,593,985
More than 365 days	72,852,969	72,852,969	-
	2,181,235,032	110,821,591	2,070,413,441

As at 31 March 2024	Gross carrying amount	Impairment on trade receivables	Net carrying amount
	Rs.	Rs.	Rs.
Less than 30 days	484,942,564	1,105,333	483,837,231
Between 31 days - 60 days	236,743,232	1,047,261	235,695,971
Between 61 days - 90 days	141,888,293	1,402,540	140,485,753
Between 91 days - 180 days	160,048,081	8,157,015	151,891,066
Between 181 days - 365 days	3,603,934	768,913	2,835,021
More than 365 days	140,954,195	140,954,195	-
	1,168,180,299	153,435,257	1,014,745,042

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

As at 31 March,	Company and Investee / Company	
	2025	2024
	Rs.	Rs.
Balance as at 1 April	153,435,257	225,566,609
Written-off during the year	(49,395,678)	-
Provision /(provision reversal) during the year	6,782,012	(72,131,352)
Balance as at 31 March	110,821,591	153,435,257

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 in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy under which each new customer is analysed 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 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. previous year 2023/24, 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.

NOTES TO THE FINANCIAL STATEMENTS

Control measures and action plans to mitigate risk

- (a) Constant monitoring of trends in payment patterns.
- (b) Being alert to indicators of insolvency by keeping abreast of economic reviews, news and analysis of published financial and other reports of key trade partners.
- (c) Robust credit policy in place to review credit worthiness on a periodic basis.
- (d) Every endeavour is made to secure revolving advances.
- (e) Actively measuring trade debtor balances with collection targets and regular meetings to monitor and review efficacy of collection activities.
- (f) Instituting legal action as a last resort.

b Credit risk on financial investments

Cash and Cash equivalents

The Company held cash and cash equivalents at banks of Rs. 683 Mn as at 31 March 2025 (2023/2024 - Rs. 1,366 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	
	2025	2024
	Rs.	Rs.
Credit Rating		
AAA	22,566	22,593
AA-	664,766,195	448,326,552
A+	24,481	-
A	18,282,187	913,028,955
A-	-	4,635,585
	683,095,429	1,366,013,685

Investment in fixed deposits

The Company held Investment in fixed deposit at banks of Rs. 2,975/- Mn as at 31 March 2025 (2023/2024 - Rs. 3,914/- Mn), 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	
	2025	2024
	Rs.	Rs.
Credit Rating		
AA-	2,850,170,883	-
A	125,290,850	3,795,133,964
A-	-	119,021,658
	2,975,461,733	3,914,155,622

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.

c 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.

35.2 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.

Exposure to liquidity risk

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2025.

As at 31 March 2025	Company and Investee / Company					
	Carrying amount Rs.	Total Rs.	Contractual cash flows (Rs.)			
			up to 3 months Rs.	Less than 1 year Rs.	1 - 2 years Rs.	2 - 7 years Rs.
Non- derivative financial liabilities						
Interest bearing borrowings	37,398,532	43,237,972	3,712,440	10,438,183	12,255,903	16,831,446
Bank overdraft	7,297,277	7,297,277	7,297,277	-	-	-
Trade and other payables *	1,124,751,409	1,124,751,409	1,048,565,193	76,186,216	-	-
Unclaimed dividend	17,909,912	17,909,912	17,909,912	-	-	-
Amount due to related parties	575,740,896	575,740,896	575,740,896	-	-	-
	1,763,098,026	1,768,937,466	1,653,225,718	86,624,399	12,255,903	16,831,446

As at 31 March 2024	Company and Investee / Company					
	Carrying amount Rs.	Total Rs.	Contractual cash flows (Rs.)			
			up to 3 months	Less than 1 year	1 - 2 years	2 - 7 years
			Rs.	Rs.	Rs.	Rs.
Non- derivative financial liabilities						
Interest bearing borrowings	83,996,275	90,765,794	40,033,120	10,579,569	13,120,513	27,032,592
Bank overdraft	41,845	41,845	41,845	-	-	-
Trade and other payables *	638,822,166	638,822,166	638,822,166	-	-	-
Unclaimed dividend	14,721,507	14,721,507	14,721,507	-	-	-
Amount due to related parties	713,305,263	713,305,263	713,305,263	-	-	-
	1,450,887,056	1,457,656,575	1,406,923,901	10,579,569	13,120,513	27,032,592

* Other payable exclude of statutory payments, provision for warranties and advances received from customers.

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.

NOTES TO THE FINANCIAL STATEMENTS

Unutilised bank overdraft facilities

The Company had approved overdraft facilities amounting to Rs. 510 Mn of which Rs. 7 Mn was utilised. In addition, the Company has access to approved trade and short-term financing facilities of Rs. 5,265 Mn from commercial banks, of which Rs. 1,754 Mn was utilised on letter of credits/ guarantees and loans as at 31st March 2025.

35.3 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 globalisation 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

- Expansion of its portfolio through strategic investment.
- Innovating and trend setting while benchmarking with global competition.
- Introduction of unique and innovative services to create demand for the destination.
- Obtaining Quality and safety standard certification for assurance of health and safety.
- Securing Green Globe and Eco Friendly Certification in acknowledgement of commitment to sustainable tourism.
- Participation in global and regional tourism promotional events in potential and emerging markets..

35.3.1 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,

	Company and Investee / Company			
	As at 31 March 2025		As at 31 March 2024	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial assets				
Trade and other receivables	1,000,885	296,586,247	260,197	78,173,099
Investment in fixed deposit	8,993,756	2,665,065,753	8,507,052	2,555,841,770
Cash and cash equivalents	872,619	258,577,953	1,600,279	480,784,502
	10,867,260	3,220,229,953	10,367,528	3,114,799,371
Financial liability				
Trade and other payables	(253,653)	(75,163,472)	(168,246)	(50,547,492)
	(253,653)	(75,163,472)	(168,246)	(50,547,492)
Net finance assets /(liability) exposure	10,613,607	3,145,066,481	10,199,282	3,064,251,879
	Average rate (Rs.)		Reporting date conversion rate (Rs.)	
	2025	2024	31 Mar 2025	31 Mar 2024
USD 1	297.70	317.15	296.32	300.44

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.

As at 31 March	Effect on profit or loss	
	2025	2024
	Rs.	Rs.
LKR depreciated against USD by 15%	471,759,972	459,637,782
LKR appreciated against USD by 15%	(471,759,972)	(459,637,782)

35.3.2 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 recognised 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 minimise 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,

As at 31 March,	Company and Investee / Company			
	2025		2024	
	Fixed rate instruments	Variable rate instruments	Fixed rate instruments	Variable rate instruments
	Rs.	Rs.	Rs.	Rs.
Financial assets				
- Fixed deposits	2,975,461,733	-	3,914,155,622	-
- Savings accounts	623,455,547	-	1,335,745,417	-
- Loan given to related party	-	-	250,000,000	-
	3,598,917,279	-	5,499,901,039	-
Financial liabilities				
- Interest bearing borrowings-bank loans	(35,460,369)	-	(82,098,501)	-
- Bank overdraft	-	(7,297,277)	-	(41,845)
	(35,460,369)	(7,297,277)	(82,098,501)	(41,845)
Maximum exposure	3,563,456,910	(7,297,277)	5,417,802,538	(41,845)

NOTES TO THE FINANCIAL STATEMENTS

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	
	2025 Rs.	2024 Rs.
Variable rate instruments		
8% Increase in interest rate	(583,782)	(3,348)
8% Decrease in interest rate	583,782	3,348

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.

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

Compliance with the 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.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

36.1 Valuation of financial instruments measured at fair value

Below are the financial assets measured at fair value through profit or loss as at 31 March 2025.

As at 31 March	Company and Investee / Company	
	2025	2024
	Fair Value Rs.	Fair Value Rs.
Financial assets measured at FVTPL (Note 20)	3,583,976,538	987,261,268
	3,583,976,538	987,261,268

As at 31 March	Company and Investee / Company			
	2025			
	Level-1 Rs.	Level-2 Rs.	Level-3 Rs.	Total Rs.
Fair value measurement hierarchy				
Financial assets measured at FVTPL (Note -20)	3,583,976,538	-	-	3,583,976,538
	3,583,976,538	-	-	3,583,976,538

As at 31 March	Company and Investee / Company			
	2024			
	Level-1 Rs.	Level-2 Rs.	Level-3 Rs.	Total Rs.
Fair value measurement hierarchy				
Financial assets measured at FVTPL (Note -20)	987,261,268	-	-	987,261,268
	987,261,268	-	-	987,261,268

NOTES TO THE FINANCIAL STATEMENTS

36.2 Valuation of financial assets and liabilities not carried 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	Company and Investee / Company			
	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.
Financial assets at amortised cost				
Trade and other receivables	2,130,092,204	2,130,092,204	1,052,677,068	1,052,677,068
Deposits	10,694,206	10,694,206	8,972,550	8,972,550
Amount due from related parties	3,289,427	3,289,427	301,411,218	301,411,218
Investment in fixed deposit	2,975,461,733	2,975,461,733	3,914,155,622	3,914,155,622
Cash in hand cash at bank	684,828,687	684,828,687	1,368,191,614	1,368,191,614
	5,804,366,257	5,804,366,257	6,645,408,072	6,645,408,072
Other financial liabilities				
Trade and other payable	1,324,992,638	1,324,992,638	769,848,522	769,848,522
Amount due to related parties	575,740,896	575,740,896	713,305,263	713,305,263
Interest bearing borrowings	37,398,532	37,398,532	83,996,275	83,996,275
Bank overdrafts	7,297,277	7,297,277	41,845	41,845
	1,945,429,343	1,945,429,343	1,567,191,905	1,567,191,905

36.2.1 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.

36.2.2 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.

36.2.3 Financial liabilities

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

37. 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 earning . 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	
	2025	2024	2025	2024
Total liabilities (Rs.)	3,370,669,431	2,944,503,897	3,370,669,431	2,944,503,897
Less: Cash and cash equivalents (Rs.)	(684,828,687)	(1,368,191,614)	(684,828,687)	(1,368,191,614)
Net liability (Rs.)	2,685,840,744	1,576,312,283	2,685,840,744	1,576,312,283
Equity (Rs.)	13,244,671,779	11,172,366,639	13,217,032,526	11,143,427,259
Gearing ratio	0.20	0.14	0.20	0.14

38. CAPITAL COMMITMENTS

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date.

39. CONTINGENT LIABILITY

Guarantees

The contingent liability as at 31 March, 2025 on guarantees given to third parties amounted to Rs.208,206,564/-(2024- Rs.58,700,797/-).

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

40. PENDING LITIGATIONS

The Company has taken actions to recover Rs. 31,260,181/- worth of long outstanding debts as at 31 March 2025.

There have been no material Pending litigation outstanding as at the reporting date except for those described above.

41. 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.

The Board of Directors has recommended the payment of an interim dividend of Rs. 15/- per share for the year ended 31 March 2025 which was approved on 06 August 2025 by the Board of Directors.

As required by Section 56 of the Companies Act No.07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring dividend. A statement of Solvency duly completed and signed by the Directors on 06 August 2025 has been audited by Messers KPMG.

42. EMPLOYEE AND INDUSTRY RELATIONS

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

43. 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.

INVESTORS' INFORMATION

DISTRIBUTION OF SHAREHOLDING - 31 MARCH 2025

Range	No of Holders	Total Holding	% Holding
Up to 1000	1,738	317,465	1.5%
1,001 - 10000	358	1,252,396	5.7%
10,001 - 100000	107	2,685,301	12.3%
100,001 - 1000000	3	1,195,490	5.5%
- Over 1,000,000	1	16,349,348	75.0%
	2,207	21,800,000	

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH

Name	2025		2024	
	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 People's Leasing & Finance PLC/Mr. Iresh Sridas	134,659	0.6%	120,859	0.6%
4 Weerasooriya S.C.	127,075	0.6%	-	0.0%
5 Commercial Bank of Ceylon PLC/G. S. N. Peiris	89,091	0.4%	-	0.0%
6 Senanayake O. and Pieris D. R.	87,369	0.4%	-	0.0%
7 Ceylinco Shriram Capital Management Services	76,600	0.4%	76,600	0.4%
8 De Silva Weerasooriya T. T. A.	69,982	0.3%	-	0.0%
9 Employees Trust Fund Board	67,223	0.3%	82,462	0.4%
10 Goonesekera C. D. M. (Mrs.)	62,500	0.3%	62,500	0.3%
11 Amana Bank PLC/Hi-Line Trading (Pvt) Ltd	61,525	0.3%	2,199	0.0%
12 Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
13 De S. Weerasooriya B.T.	60,169	0.3%	-	0.0%
14 Madanayake U. G.	56,200	0.3%	56,200	0.3%
15 Essajee Carimjee Insurance Brokers (Pvt) Ltd.	53,250	0.2%	-	0.0%
16 Raaymakers M. A. T.	50,650	0.2%	27,193	0.1%
17 Ratnasabapathy M. R.	46,500	0.2%	32,255	0.1%
18 Leonard D.S.	41,203	0.2%	41,203	0.2%
19 Mahir B. A.	40,001	0.2%	-	0.0%
20 Kannangara N. L. & De Livera S.S.	40,000	0.2%	40,000	0.2%

SHARE HELD BY PUBLIC

	No. of Shares	% Holding	No. of Share holders
Share held by public as at 31 March 2025	4,399,696	20.2%	2203
Share held by public as at 31 March 2024	4,399,696	20.2%	2608

As at 31 March	2025	2024
Float adjusted market capitalisation (Rs.)	2,285,642,072	1,231,914,880

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 Capitalisation	Public holding percentage	Number of public shareholders
Option -5	Less than Rs.2.5Bn	20%	500

For the year ended 31 March,	2025	2024
Market value per Shares		
At the year end -Rs.	519.50	280.00
Highest value during the year -Rs.	610.00	358.00
Lowest value during the year -Rs.	270.00	225.00
Earnings per share (EPS)- Rs.	105.57	79.08
Net asset per share - Rs.	607.55	512.49
Dividend per share (DPS) -Rs.	10.00	6.50
Dividend yield	1.9%	2.3%
Price earnings ratio	4.9	3.5
Number of transactions	14,557	9,790
Number of share traded	6,783,953	1,464,440
Total turnover (Rs.)	1,929,177,549	413,209,099
Market capitalisation (Rs.)	11,325,100,000	6,104,000,000
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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue	17,657,510	13,996,828	11,462,496	15,115,383	9,650,438	8,759,918	8,492,482	7,994,364	7,122,784	6,619,776
Gross profit	4,134,734	3,249,325	3,476,528	3,257,133	1,283,987	1,313,407	1,165,452	1,006,539	1,135,495	1,302,349
Earnings before interest and tax	3,300,373	2,716,476	3,562,842	2,685,514	854,931	576,067	451,428	325,934	535,022	720,210
Finance expense	(64,264)	(287,167)	(30,872)	(85,908)	(110,301)	(149,922)	(122,511)	(74,277)	(37,184)	(39,588)
Profit before tax	3,236,109	2,429,310	3,531,970	2,599,606	744,630	426,146	328,917	251,657	497,837	680,622
Income tax expense	(934,723)	(705,463)	(745,146)	(465,772)	(123,264)	(73,095)	(96,920)	(66,888)	(119,503)	(181,895)
Profit for the year	2,301,386	1,723,847	2,786,824	2,133,834	621,365	353,051	231,997	184,769	378,334	498,727

FINANCIAL POSITION

Rs'000

As at 31 March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Stated capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000
Capital reserves	823,459	823,459	567,803	592,491	592,491	404,950	404,950	404,950	300,458	300,458
General reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136
Retained earnings	11,772,076	9,699,771	8,117,753	5,479,027	3,408,196	2,908,361	2,631,158	2,632,862	2,524,965	2,243,356
	13,244,671	11,172,367	9,334,692	6,720,654	4,649,823	3,962,447	3,685,244	3,686,948	3,474,559	3,192,950
Property, plant and equipment	1,494,157	1,505,279	1,158,261	1,155,168	1,009,006	822,247	872,316	852,737	663,112	679,381
Intangible assets	-	-	-	-	6,825	-	-	-	-	-
Investments	78,839	80,139	71,493	75,133	73,455	54,742	56,751	20,021	14,155	13,479
Investment property	780,000	750,000	722,000	690,000	650,500	306,000	295,000	280,000	253,750	231,000
Right-of-use assets	1,862	1,339	2,232	3,125	4,019	-	-	-	-	-
Current assets	14,260,482	11,780,113	9,618,392	9,580,750	6,893,214	6,108,622	5,600,575	5,003,105	4,717,544	4,170,757
Current liabilities	(2,911,845)	(2,487,955)	(1,861,835)	(4,375,606)	(3,779,493)	(3,193,625)	(2,959,978)	(2,238,052)	(2,023,873)	(1,713,177)
Non current liabilities	(458,824)	(456,549)	(375,851)	(407,916)	(207,703)	(135,539)	(179,420)	(230,863)	(150,129)	(188,492)
	13,244,671	11,172,367	9,334,692	6,720,654	4,649,823	3,962,447	3,685,244	3,686,948	3,474,559	3,192,950

RATIOS

Gross margin	23.4%	23.2%	30.3%	21.5%	13.3%	15.0%	13.7%	12.6%	15.9%	19.7%
Net margin	13.0%	12.3%	24.3%	14.1%	6.4%	4.0%	2.7%	2.3%	5.3%	7.5%
Return of investment (ROI)	24.9%	24.3%	38.2%	40.0%	18.4%	14.5%	12.2%	8.8%	15.4%	22.6%
Return of average equity	18.9%	16.8%	34.7%	37.5%	14.4%	9.2%	6.3%	5.2%	11.3%	16.8%
Assets turnover	1.1	1.1	1.0	1.5	1.2	1.2	1.3	1.4	1.3	1.3
Working capital turnover	1.6	1.5	1.5	2.9	3.1	3.0	3.2	2.9	2.6	2.7
Current ratio	4.9	4.7	5.2	2.2	1.8	1.9	1.9	2.2	2.3	2.4
Net asset per share - Rs.	607.55	512.49	428.20	308.29	213.29	181.76	169.05	169.13	159.38	146.47
Dividend per share (DPS) -Rs.	10.00	6.50	6.50	4.50	4.50	3.50	3.50	3.50	4.50	3.00
Earnings per share (EPS)-Rs.	105.57	79.08	127.84	97.88	28.50	16.20	10.64	9.03	17.27	22.79
Market price per share-end Rs.	519.50	280.00	268.75	290.75	111.75	52.00	67.40	93.00	117.50	112.50
Dividend yield (%)	1.9%	2.3%	2.4%	1.5%	4.0%	6.7%	5.2%	3.8%	3.8%	2.7%
Dividend payout ratio	9.5%	8.2%	5.1%	4.6%	15.8%	21.6%	32.9%	38.8%	26.1%	13.2%
Price earnings ratio	4.9	3.5	2.1	3.0	3.9	3.2	6.3	10.3	6.8	4.9

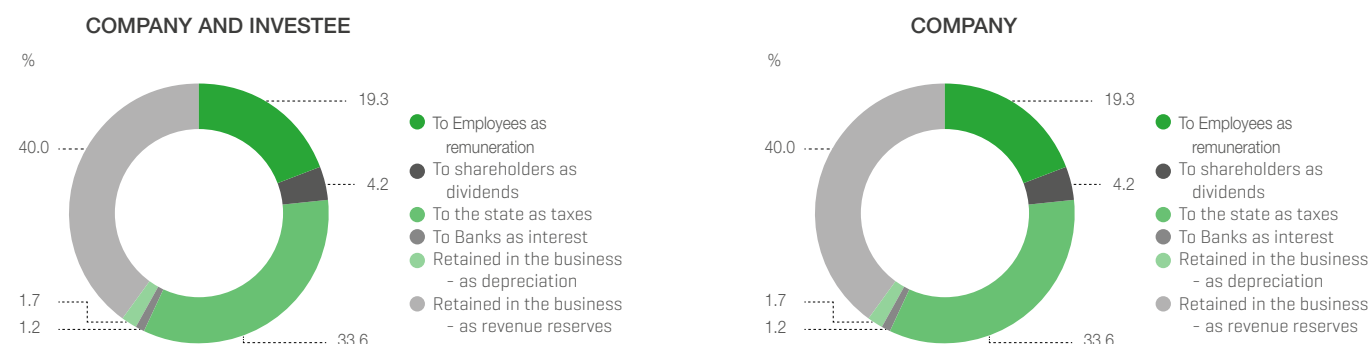
STATEMENT OF VALUE ADDITION

For the year ended 31 March,	Company and Investee		Company	
	2025	2024	2025	2024
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	17,657,510	13,996,828	17,657,510	13,996,828
Other operating and interest income	489,528	613,855	489,528	613,855
Share of profit/(loss) of equity accounted investee net of tax	(1,300)	2,285	-	-
	18,145,738	14,612,968	18,147,038	14,610,683
Less:				
Cost of material and services purchased	12,931,068	10,238,978	12,931,067	10,238,977
Value Added	5,214,670	4,373,990	5,215,971	4,371,705
Value addition as a percentage on revenue	29.5%	31.2%	29.5%	31.2%

DISTRIBUTION AS FOLLOWS;

For the year ended 31 March,	Company and Investee				Company			
	2025	As a %	2024	As a %	2025	As a %	2024	As a %
	Rs'000	of Total	Rs'000	of Total	Rs'000	of Total	Rs'000	of Total
To employees as remuneration	1,005,105	19.3%	947,778	21.7%	1,005,105	19.3%	947,778	21.7%
To shareholders as dividends	218,000	4.2%	141,700	3.2%	218,000	4.2%	141,700	3.2%
To the state as taxes	1,752,053	33.6%	1,331,547	30.4%	1,752,053	33.6%	1,331,547	30.5%
To banks as interest	64,264	1.2%	287,167	6.6%	64,264	1.2%	287,167	6.6%
- As depreciation	91,862	1.7%	83,651	1.9%	91,862	1.7%	83,651	1.9%
- As revenue reserves	2,083,386	40.0%	1,582,147	36.2%	2,084,687	40.0%	1,579,863	36.1%
	5,214,670		4,373,990		5,215,971		4,371,705	

DISTRIBUTION OF VALUE ADDITION 2024/25



GLOSSARY OF FINANCIAL TERMS

Capital Employed

Shareholders' funds plus minority interest and debts.

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 Capitalisation

number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets

Total assets minus current liabilities minus long Term liabilities minus minority interests.

Net Assets per Share

Net Assets over number of ordinary Shares in issue.

Net Margin

Profit after tax divided by revenue.

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-Sixth Annual General Meeting of Kelani Cables PLC will be held at the Auditorium of ACL Cables PLC, No. 60, Rodney Street, Colombo 08 on 26 September 2025 at 11.00 am for the following purposes.

01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2025 with the report of the Auditors thereon.
02. (a) To re-elect as a Director Mrs. N. C. Madanayake who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.
03. To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by a Shareholder of the Company.
 - (a) That Mr. U. G. Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.
 - (b) That Mrs. N. C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to her.
04. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company and authorise the Directors to determine their remuneration.
05. To authorise the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

27 August 2025

NOTE:

- (a) A Shareholder is entitled to appoint a Proxy to attend and vote in his stead and a FORM OF PROXY is attached to this Report for this purpose. A Proxy need not be a Shareholder of the Company. The instrument appointing a Proxy must be deposited at the Registered Office, No. 60, Rodney Street, Colombo 08, not less than forty eight (48) hours before the time appointed for the Meeting.
- (b) Shareholders are kindly requested to hand-over duly perfected and signed Attendance Slip to the Registration counter.

NOTES

FORM OF PROXY

KELANI CABLES PLC

I/We (Name) of
..... being a Shareholder/ Shareholders of the above Company hereby appoint
(Name and NIC of Proxy Holder)
..... or failing him/ her
..... of
as my/ our Proxy to represent me/us, to speak and vote whether on a show of hands or on a poll for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 26th September 2025 at 11.00 a.m. and at any adjournment thereof.

Signed thisday of 2025

.....
Signature

INSTRUCTIONS FOR COMPLETION OF PROXY

The instrument appointing a Proxy shall in the case of an individual be signed by the appointor or by his Attorney and in the case of a Corporation as per its Articles of Association, Companies Act or signed by its Attorney or by an Officer on behalf of the Corporation.

IMPORTANT NOTICE TO SHAREHOLDERS

Consequent to the change of Articles of Association as detailed in the Notice of Meeting in accordance with the digitalisation initiative, please provide the following information to investor.relations@kelanicable.com, for future Notices of Meetings to be sent to the e-mail address provided by you.

Full name :

Residential Address:

Email Address :

NIC / Company Registration No. :

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.

STOCK EXCHANGE LISTING

The shares are listed on the Colombo Stock Exchange.

REGISTERED OFFICE

No. 60, Rodney Street,
Colombo 08.

Tel: +94 11 7608300

Fax: +94 11 2699503

PRINCIPAL PLACE OF BUSINESS

P.O. Box 14, Wewelduwa, Kelaniya
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
Mr. Deepal Sooriyaarachchi
Mr. Yudhishtan Kanagasabai

CHIEF FINANCIAL OFFICER

Ms. Hemamala Karunasekara
FCA, FCMA(UK), FCMA(SL), MBA

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
Seylan Bank PLC

QUERIES ON THE 2024/25 ANNUAL REPORT

Direct queries to: investor.relations@kelanicable.com or
Write to: Messrs. Corporate Affairs (Private) Limited
No. 68/1, Dawson Street, Colombo 02, Sri Lanka.

