

# At the Forefront of Excellence



Annual Report 2020/21

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# At the Forefront of Excellence

At ACL Cables, a spirit of innovation and progressiveness has been our driving force since our inception-enabling us to craft our capacity for long-term growth. Led by a vision to be the preferred brand of electric cables in the region, we have lived up to our promise to deliver long-lasting value to the many stakeholders that we serve.

Over the years, our portfolio of products has played an active role in the process of building our nation-uniting both private and public sectors with cutting-edge products, while integrating large stores of potential into each project we undertake. At ACL Cables, we have always seen the impossible as possibilities that elevate Sri Lanka's expectation to grow immensely in the years to come.

Today, as we strive to redefine the future of the nation with great ideas, expert design and exceptional infrastructures, ACL Cables is driven by commitment, passion and strength to be the lifeline of the nation.

# ABOUT US



## OUR VISION

To be the preferred brand of electric cables, switches & accessories in the region, whilst securing market dominance in Sri Lanka.

## MISSION

- ▶▶ To expand our range of products and services in the fields of electrification.
- ▶▶ To be the most competitive in chosen global markets and to achieve continuous growth.
- ▶▶ To create an environment that will inculcate a feeling of ownership in our people and their families.
- ▶▶ To create a company that will be in the forefront of technology and win the admiration of our customers, suppliers, shareholders and the community.

# OUR VALUES

**We strive to do our best for our stakeholders in the following ways;**

## **Our Customers**

- We reach out to our customers and give them a fair deal.
- We build enduring customer relationships without trying to maximise short term profits.
- We always make it easier for customers to do business with us.
- We communicate regularly with our customers.
- We never forget to say thank you.

## **Our People**

- We respect each other as individuals and motivate our people to work as a team.
- We provide opportunities for personal and professional development.
- We recognise and reward individual initiative and performance of our people.
- We inculcate family culture and togetherness.

## **Our Suppliers**

- We treat our suppliers as valuable business partners and maintain a mutually beneficial relationship.

## **Our Shareholders**

- We ensure superior returns to our shareholders through sustained growth of profitability.

## **Our Community**

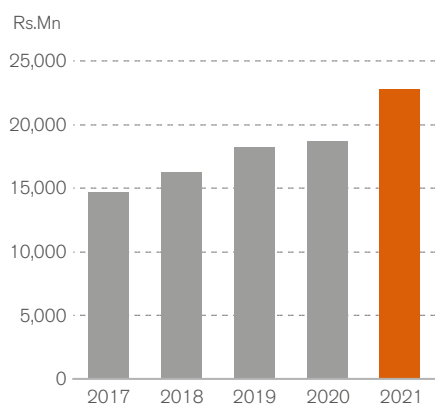
- We carry out our activities in an environment friendly manner, contributing towards a safer and healthier community.
- We maintain ethical standards.

# GROUP FINANCIAL HIGHLIGHTS

	2021 LKR Million	2020 LKR Million
<b>Operations</b>		
Turnover	22,619	18,682
Gross Profit	3,840	3,323
Finance Cost	477	555
Profit before Tax	1,942	1,303
Profit after Tax	1,754	1,024
Total Equity	15,280	12,933
<b>Key Financial Indicators</b>		
Gross Profit Margin	16.98%	17.79%
Net Profit Margin before Tax	8.58%	6.97%
Interest Cover (Times)	6.10	3.00
Return on Equity	11.48%	7.92%
Current Ratio (Times)	1.95	2.01

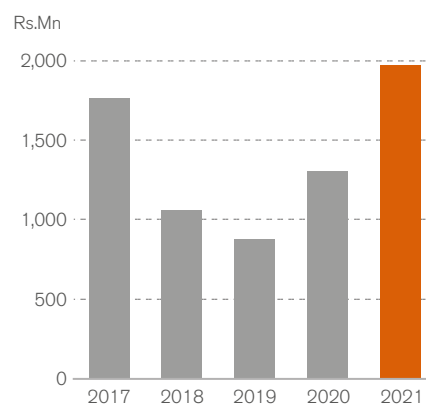
## Revenue

for the year ended 31 March



## Net Profit before Tax

for the year ended 31 March



**GROUP NET REVENUE**

**22,619 Rs. Mn**



**COMPANY NET REVENUE**

**13,152 Rs. Mn**



**PROFIT TO GROUP EQUITY HOLDERS**

**1,551 Rs. Mn**



**PROFIT TO GROUP EQUITY HOLDERS**

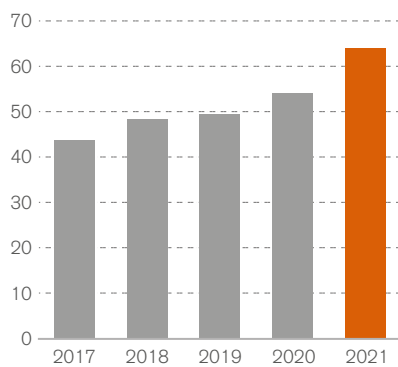
**88.4 %**



**Net Assets per Share**

as at 31 March

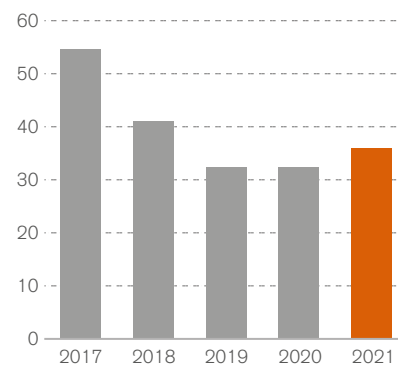
Rs.Mn



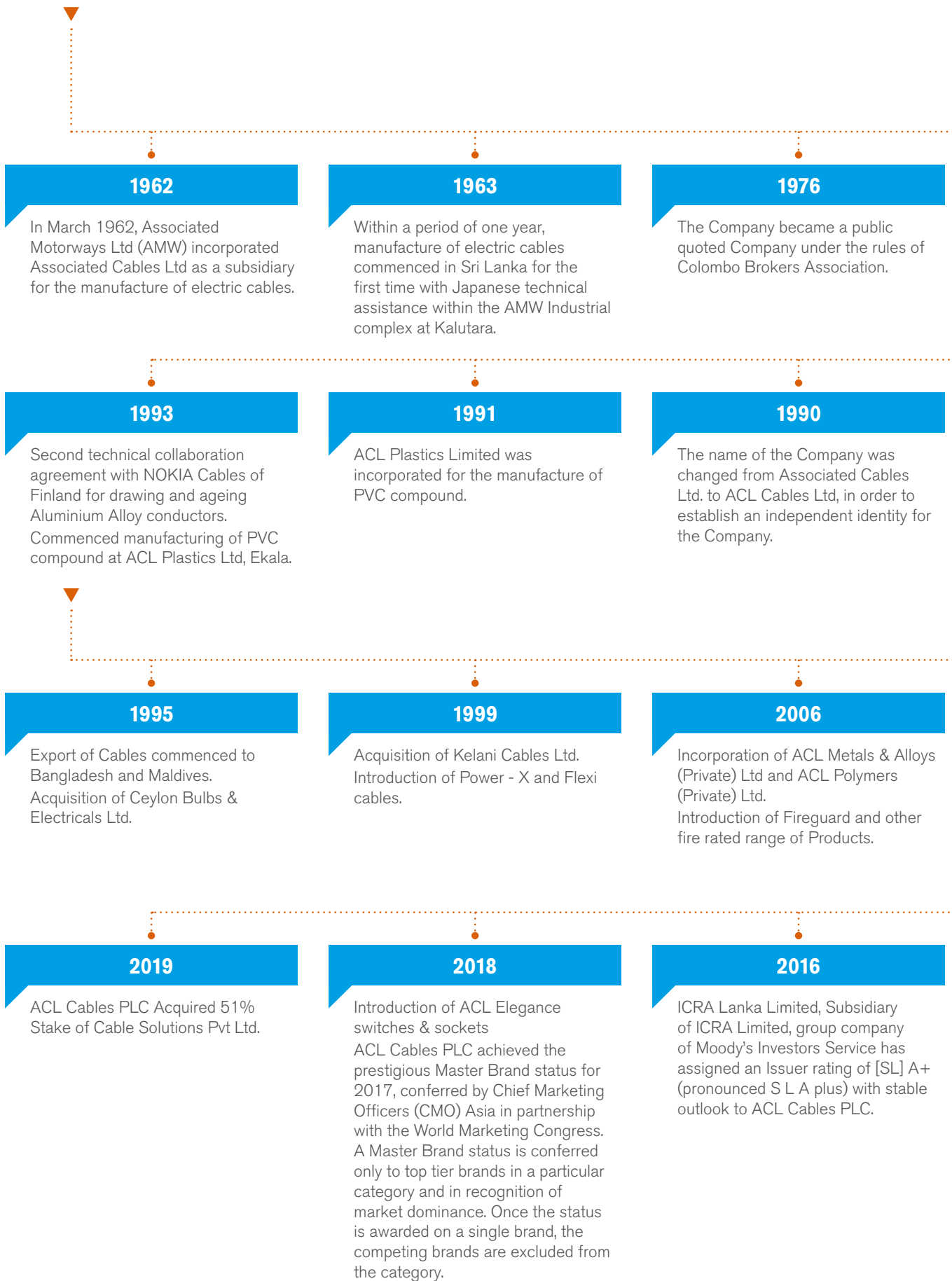
**Market Value per Share**

as at 31 March

Rs.Mn



# MILESTONES





**1978**

Facilities for drawing of Copper wires were added.

**1980**

The Company moved out of AMW Group. Aluminium Conductor plant was set up for the manufacture of AAC and ACSR.

**1981**

Joint Venture with Aluminium Industries Ltd, India for the manufacture of 1400 M/Ts of Aluminium conductors.

**1988**

Company entered into a technical collaboration agreement with Nokia Cables Finland, for manufacturing of Aerial Bundled Cables and XLPE Insulated Cables.

**1986**

Production of Armored cable commenced at Piliyandala Factory.

**1982**

Establishment of own distribution network island wide.

**2007**

Winning the Achievers Gold Award for Performance Excellence awarded by the Ceylon National Chamber of Industries, Sri Lanka, National Quality Award and Taiki Akimoto Award on 5S.

**2008**

ACL Cables PLC awarded the highest award of Asia Pacific Quality Organization beating participants from 46 countries. Recognized as a world-class Company. Awarded Super Brand status for the ACL brand.

**2012**

Incorporation of Ceylon Copper (Pvt) Ltd. to manufacture copper rods. ACL secured SLS Certification for Armored Cables this year for the first time in Sri Lanka.

**2015**

ACL Cables PLC acquired 35% stake of Hemas Power PLC & renamed company as RESUS Energy PLC. As a result of share buyback by RESUS Energy PLC during 2015/2016, ACL Cables PLC's stake was reduced to 31.71%.

**2014**

Introduction of Fire Resistance Circuit Integrity Power Cables.

**2013**

Incorporation of ACL Electric (Pvt) Ltd. to manufacture electrical accessories.

# CHAIRMAN'S MESSAGE



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**ACL GROUP RECORDED AN ANNUAL  
TURNOVER OF RS. 22.6 BILLION FOR THE  
FINANCIAL YEAR ENDED 2021 COMPARED  
WITH OUR LAST YEAR'S PERFORMANCE OF  
RS. 18.6 BILLION.**

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**GROSS PROFIT - GROUP**

**3,840 Rs. Mn**



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**NET PROFIT - GROUP**

**1,754 Rs. Mn**



It's my pleasure to welcome you for the 59th Annual General Meeting of ACL Cables PLC. I take this opportunity to present our annual report and audited financial statements for the year ended 2020/2021. We witnessed a reasonable year despite stringent macroeconomic activities that took place throughout the period.

I am pleased to announce that the group turnover increased by 21% & shareholder returns increased by 23.3% compared to last year amidst turmoil economic conditions due to the Covid-19 pandemic.

### **Economic Outlook**

The Sri Lankan economy faced multiple challenges and complex situations during the year due to the pandemic situation that affected businesses locally as well as globally. Thereby the local economy contracted by 3.6% for the year as per the Central Bank report. Yet, on a positive note the country recorded a growth of 1.3% in the last quarter despite the second wave of Covid-19.

All sectors recorded a contraction compared that with the year before. The worst affected was the industries sector, which contracted by 6.9%. The island-wide lockdown imposed to contain the pandemic situation caused a significant contraction for the sector, which was an unavoidable situation. Further the agriculture and services sector contracted by 2.4% and 1.5% respectively.

All sub sectors of the industrial sector contracted due to mobility restrictions and social distancing measures imposed locally to control the spread of the virus. Fall of major export markets and restriction in tourism due to the pandemic situation also had adverse impacts on the sector.

Even though the construction sub sector contracted by 13.2 for the last fiscal year, a significant recovery was observed during the latter part of 2020 due to the effective policy measures adopted by the government to promote domestic construction activity. Reduced interest rates, credit granted to private sector by Commercial Banks, personal housing loan schemes for construction activity, restriction of building material imports to facilitate local production and loan scheme facilities provided as working capital business loans helped to revive the local construction activities within the country. This was a

commendable policy initiative driven by the government that helped most companies in the industry to gain positive momentum.

Total power generation recorded for the year was 15,714 GWh, which was a decline of 1.3% compared to the year before. A significant decline was recorded during the lockdown period and once the restrictions were lifted the power generation gradually returned to normalcy. It was noteworthy to witness the improvement in Hydro power generation due to healthy reservoir levels and Non-conventional Renewable Energy (NCRE) sources, which posted figures of 24.9% & 11.9% respectively from 23.8% & 11.1% the year before, whilst the use of fuel oil-based power generation reduced to 26.6% from 31.5% the year before. This is an admirable effort made by the government to reduce the use of fuel oil and move towards eco-friendly power generation systems.



# CHAIRMAN'S MESSAGE

## Group Performance

ACL group recorded an annual turnover of Rs. 22.6 Billion for the financial year ended 2021 compared with our last year's performance of Rs. 18.6 Billion. The favourable government policies to boost construction activities and support local industries lead us to achieve a favourable figure amidst unfavourable economic conditions.

The group recorded Rs. 1,754 million profits after tax for 2020/2021, against Rs. 1,024 million the year before which is a 71% year on year increase.

Exponential increase in the world copper and metal prices meant we were required to increase our retail prices for cables quite frequently during the last two quarters of 2021 financial year. Further, unfavourable exchange rates also affected adversely on our group business resulting in an increase of our cost of sales and administrative expenses.

## Challenges

All most all global economies experienced a rapid set back in their economic activities compared to the year before due to the Covid-19 pandemic. Almost half of the year was directly affected due to closure of borders globally, and health concerns. This went on to affect the rest of the months during the year.

Locally, the exchange rate increased up to LKR 200 per USD and this impacted heavily on our raw material imports. Restrictions in transfer of dollars lead and foreign trade credit terms led us to plan our imports



more cautiously whilst managing to supply the local demand. The group adapted close monitoring mechanisms to our supply chain to keep on par with such situations.

Though the country was politically stable, the unexpected pandemic brought change to most of the macroeconomic conditions that threatened business stability. The rapid growth that was expected mainly in the industrial sector was challenged due to these adverse conditions. Export operations were challenging due to restrictions in global travel, limitations in travel resources and increase freight charges.

Inflation too created considerable impact on certain industries due to increased consumer expenditure on essential needs and thereby reduced their disposable income.

## New Developments

Even with the above mentioned challenges, we expect to increase our efforts on expanding to meet the ever growing consumer demand.

We also expect to increase our range of products further through constant investment on research & development activities.

With the successful vaccination programme administered by the government we expect that the pandemic will be soon brought under control and the economy would become favourable for business conditions. This will create higher demand with the national infrastructure and commercial developments that are scheduled to begin. We are in the process of making plans to meet the surge in demand and are putting in place measures to expand our in-house production capacity during the next financial year.

Further, with the growth in electricity generation and moves towards eco-friendly power generation techniques we continue to invest in new technology and our in-house Research & Development for better and innovative products assuring safety of lives.

## **Appreciations**

I thank all our customers, business partners and other stakeholders for having their trust and faith in us. It has been a great strength for our group to maintain our consistency and achieve what we have today. This has led us to maintain better shareholder value and perform to meet their expectations.

I take this opportunity to extend my gratitude towards all public and private entities for creating a supportive and positive business environment for us, amidst vulnerable economic conditions.

I also thank all our shareholders and members of the Board for the immense value they provide us through advise and sharing expert knowledge to guide us in the right direction.

Further appreciation is extended towards all employees for their effort and commitment enabling us to move towards a better future.

**U. G. Madanayake**  
Chairman

30th September 2021

# MANAGING DIRECTOR'S REPORT



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**ACL WAS RATED AS A (A+) CATEGORY COMPANY FOR THE YEAR UNDER REVIEW BY ICRA RATING AGENCY, WHICH IS AN ACHIEVEMENT WE HAVE MAINTAINED FOR MANY CONSECUTIVE YEARS DURING TURBULENT BUSINESS CONDITIONS.**

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**TURNOVER - COMPANY**

**13,152 Rs. Mn**



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**NET PROFIT - COMPANY**

**603 Rs. Mn**



I'm pleased to present to you the Annual Report of ACL Cables PLC for the financial year 2020/2021. Amidst a challenging year the company recorded a 18.6% growth in revenue compared to the year before. A topline of Rs.13.1 Billion was achieved against Rs.11 billion the year before. The company profit after tax recorded a figure of Rs.603 million, against Rs.345 million the year before, which is a significant growth of 75%

### **Favourable factors**

Similar to the past years, the Ceylon Electricity Board (CEB) was our single largest customer contributing a significant turnover and accounting a considerable year on year growth. Further our novel range of switches 'ACL Elegance' and switchgear circuit protection devices posted a growth of 189% and 34.5% respectively compared with year ended 31st March 2020.

I'm delighted with the performance of 'ACL Elegance' for its great success in terms of numbers as well as enormous customer acceptance during this year. This shows the quality and trust we maintain within the market to gain such a success. Further the introduction of the "Mercury" switchgear circuit protection device series showed success in its initial 6 months of market operations.

Further our rebranding and repositioning of the two ranges of switchgear circuit protection device as "ACL Venus" and "ACL Mercury" proved to become a success, which is shown by its numbers.

ACL was rated as a A+ category company for the year under review by ICRA rating agency, which is an achievement we have maintained for many consecutive years during turbulent business conditions.

Further our brand was rated as Sri Lanka's "most valuable building material brand of the year" with a brand rating of AA according to the annual brand index released by Brands Finance Lanka recently. The rating also declared a brand value of Rs. 2687 Mn, which is 17% higher than the year before. This is an incredible achievement by ACL as a brand for the first time in its history.

### **Challenges as a business**

The major challenge was the rapid increase of raw material at the London Metal Exchange. Both copper and aluminum prices fluctuated to a record high during the last financial year, pushing us multiple price revisions on our range of cables. Further the continued

depreciation of the rupee too created an unfavorable situation for the business. Both factors adversely affected the purchasing price of raw materials, increasing the cost of sales by 16.8% compared to the previous year.

The impact of Covid-19 during the first and third quarters of the year is self-explanatory but due to positive government fiscal policies we were able to bounce back with favourable figures to end the year on a positive note.

### **Future Outlook**

In order to strengthen our distribution network further, we implemented an operation with a fleet of company maintained delivery vehicles ensuring an easing of day-to-day operations for the distributors and also upgrading their delivery capacities. Through such a structure we plan to ensure improved productive deliveries, increased capacity for on the move product storage and a full range product



# MANAGING DIRECTOR'S REPORT



sales technique, creating more interest in dealers towards our scope of products.

We see many government and private funded projects scheduled to begin in the next financial year, and with the people adhering to the new normal with Covid-19 we believe that these projects would gear-up further. Having a strong political environment we believe that it's time

for the government to establish a national policy across the country that would create a solid foundation for economic growth, business expansion and favourable growth in the industrial and services sector. Such a national initiative would help us create more opportunity and grow from the present condition.

With the restriction of imports in building material during the year



we anticipate better potential for business in both local and overseas markets. Hence we are in the middle of strategizing our plans to move into novel market and product spaces.

With regards to our product quality and improvements, I'm proud to announce that ACL Cables has been the only company in the market with proven international test certifications for fire rated and fire retardant cables. This has proved our technical excellence and expertise. These cables have always given us the competitive edge within the market. Unfortunately, during recent past we have experienced developments of certain cables in the market claiming to be fire proof but lacking proper test certifications, due to the absence of local standardization for this range. In order to prevent this situation we intend to liaise with key government personnel and institutes to make them aware of such alarming and harmful conditions, and to create a process to offer local standards and certification for fire retardant cables to grant approvals accordingly. This would give the consumer a genuine fire retardant cable of the best standard.

Trading items became another area we improved during past few years. It has supported our stance to be a 'one stop shop company' for all electrical needs and we thrive to strengthen this stance further.



## **Appreciations**

Special appreciation goes to the Ceylon Electricity Board (CEB), our largest customer for being one of the most vital partners in our business.

I would also like to thank all other business partners who supported us tremendously in all business activities under the turbulent economic conditions within the country and help us to escalate towards what we have achieved.

I thank our Chairman and Board of Directors for extending their guidance towards me in steering the company for greater heights.

It's my pleasure to thank all government and private authorities who enabled us to carry out our activities precisely without delays amidst the Covid-19 pandemic.

Finally, I thank all employees for their effort, which brought success to the company and made us achieve superior excellence.

**Suren Madanayake**  
Managing Director

30th September 2021

## BOARD OF DIRECTORS



**Seated from left to right :** Mr. U. G. Madanayake - Chairman, Mrs. N. C. Madanayake - Director,  
**Standing from left to right :** Mr. Ajit Jayaratne - Director, Mr. Suren Madanayake - Managing Director, Dr Sivakumar Selliah - Director, Mr. Hemaka Amarasuriya - Director, Mr. Daya Wahalantantiri - Executive Director, Mr. Rajiv Casie Chitty - Director



# BOARD OF DIRECTORS

## **Mr. U. G. 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., and ACL Electric (Pvt.) Ltd., Cable Solutions (Pvt.) Ltd. and Resus Energy PLC. He has over 50 years' experience in the cable Industry.

## **Mr. Suren Madanayake**

Managing 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 (Private) Ltd which is the holding Company of Kelani Cables PLC. In 2003 he was appointed as Deputy Chairman of Kelani Cables PLC.

He also serves as the Chairman of Resus Energy PLC, Managing Director of ACL Plastics PLC and Director of ACL Electric (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd., Destination Ceylon (Pvt.) Ltd., Ethimale Plantation Pvt LTD, Marshal Investments (Pvt) Ltd., Cable Solutions (Pvt.) Ltd. and National Asset Management (Pvt) Ltd. He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity. He captained the Royal College 1st XV Rugby team in 1987.

## **Mrs. N. C. Madanayake**

Director

Mrs. N.C. Madanayake was appointed to the Board of ACL Cables PLC in July 1980. She is also a Director of Kelani 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. Ajit Jayaratne**

Director

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

## **Mr. Hemaka Amarasuriya**

Director

Mr. Hemaka Amarasuriya is a fellow member of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants, U.K. He also holds an Honorary Fellowship from the Chartered Institute of Marketing, U.K. and a Diploma in Marketing Strategy from the University of New York.

He is the former the Chairman of Sri Lanka Insurance Corporation Limited from 2015 to 2018 and is on the directorate of several other listed and unlisted private companies. He held the chair of the Singer Group in Sri Lanka for a period of 30 years.

He was recognized by the Asia Retails Congress 2007 with the "Retail Leadership Award" for his contribution to retailing in Asia and by the Chartered Institute of Marketing U.K. as a "Visionary Business Leader"

for his invaluable contribution to the Marketing Profession in initiating revolutionary changes in the Consumer Market. His association with local industry goes back to 1992 from which time he chairs the Regional Industry Service Committee – Southern Province of the Ministry of Industry & Commerce. He is a former Chairman of the Employers' Federation of Ceylon and was previously responsible for the Human Resource Development Function of Singer Asia and also chaired the Singer Worldwide Business Council, policy implementation body of one of the oldest multinationals.

His contribution to the profession was recognized by the Institute of Chartered Accountants of Sri Lanka when conferred with the "Lifetime Award for Excellence in 2011", while the Institute of Chartered Management Accountants (CIMA) selected him as the Business Icon of the year for 2013.

### **Mr. Daya Wahalantiriri**

Executive Director

Mr. Daya Wahalantiriri had his early education at Holy Cross College, Kalutara and Royal College, Colombo. He is a Graduate in Chemistry (Special) from the University of Ceylon, Peradeniya. In 1990, he obtained his Masters in Business Administration from the University of Sri Jayewardenepura. Having gained sufficient exposure in marketing of industrial products to institutional customers, he joined ACL Cables PLC as its first Marketing Manager in 1982. In 1999, with the acquisition of Kelani Cables PLC, he was promoted as the Group Marketing Manager. He was appointed to the Board of Directors of ACL Cables PLC in November 2005.

### **Mr. Rajiv Casie Chitty**

Director

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

### **Dr Sivakumar Selliah**

(MBBS, M Phil)

Director

Dr. Selliah holds an MBBS Degree and a Master's Degree (M Phil), and has over two decades of experience in diverse fields including Manufacturing, Healthcare, Insurance, Logistics and Packaging, Renewable Power, Plantation and Retail.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd.

He is a Director of Lanka Tiles PLC, HNB Assurance PLC, Softlogic Holdings PLC, Odel PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, ACL Cables PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium (Pvt) Ltd.

Dr. Selliah is the Chairman of JAT Holdings Ltd., Vydexa (Lanka) Power Corporation (Pvt) Ltd. and Cleanco Lanka (Pvt) Ltd. Dr. Selliah is also the Deputy Chairman of Evoke International Ltd.

He has also served as a Senior Lecturer in the Medical Faculty for many years in the past. Currently he serves as a Council Member of the University of Colombo.

Dr. Selliah also serves on the following Board sub committees of some of the companies listed above as a member or Chairman: Human Resource and Remuneration committee, Related party Transaction committee, Audit committee, Investment committee and Strategic Planning committee.

# MANAGEMENT TEAM



**Nishantha Weerakoon**  
Group Chief Financial Officer



**Rohitha Amarasekara**  
General Manager Operation



**Lakshman Bandaranayake**  
General Manager Marketing



**Palitha Ethulgama**  
Deputy General Manager Project Sales



**Senila Rupasingha**  
Deputy General Manager Import/Export



**S M Welihinda**  
Deputy General Manager - Aluminium Cable  
and Rod Plant



**Chathuranga Sampath**  
Group Head of Risk & Control



**Sampath Wijesundara**  
Chief Information Officer



**R Nandakumara**  
Engineering Manager (Mechanical)



**A G U K Abeynayake**  
Electrical Engineer



**Indunil Perera**  
Security Manager



**Saman Liyanage**  
Manager Operation



**Sujeewa Sampath**  
Manager Finance & Operations



**Yesitha Ranasinghe**  
Quality Assurance Manager



**Sarath Padmadewa**  
Assistant Manager Human Resource



**A D A Chinthaka**  
Factory Manager Copper Cable Plant



**Arunajith Perera**  
Electrical Engineer Head of Technical Services and R&D



**Deepthi Bandara**  
Head of Sales



**Sarath Lokuhitige**  
Sales Manager Power and Energy Sector



**Ishan Dabare**  
Head of Sales Institution Market



**Ashoka Padmakumara**  
Sales Manager



**Supun Sisihara**  
Manager Logistic



**Amali Fonseka**  
Manager Credit Control



**Darshana Senanayake**  
Finance Manager

# PRODUCTS PORTFOLIO

ACL Cables comply with most local and international test certificates including ISO 9002, ISO 9001-2000 and ISO 14001 Environmental Management System certificate.

## CABLES

ACL Cables evolved as the No. 1 cable company in Sri Lanka since inception in 1962. During its 59 year operation the company has grown to become a specialised manufacturer and supplier of an extensive range of cables and conductors with superior quality and standard unmatched by any other in the island. Excelling through advanced technology, quality control and continuous research and development, ACL Cables produces over 250 cables across 20 categories. ACL continued to expand its sector through innovation and dominate the market with the introduction of new products and many industry firsts. ACL cables comply with most local and international test certificates including ISO 9002, ISO 9001-2000 and ISO 14001 Environmental Management System certificate.



House Wiring Cables



Earth Cables



Telecommunication Cables



Fire Resistance Circuit Integrity Power Cables



33KV Covered Conductors



Flexible Cables





Auto Cables



Low Voltage – Aerial Bundled Cables



Fire Retardant Power Cables



ACSR & AAAC Conductors



All Aluminium Conductors



Customised Cu Power Cables



Multi Core Al Power Cables with Cu Wire Screen



Unarmored Control Cables



Three Phase Cu Concentric Cable

# PRODUCTS PORTFOLIO



Single Core Unarmored Cu Power Cables



Multi Core Unarmored Al Power Cables



Multi Core Armored Cu Power Cables



Single Core Armored Cu Power Cable



Unsheathed Cu Power Cables



Armored Control Cables



Single Phase Al Concentric Cable



ACL SAX AMO 33kV Covered Conductor



Multi Core Unarmored Cu Power Cables

## ELECTRIC

Commencing its operation in 2014, ACL Electric was formed to market high quality electrical switches, sockets, breakers and accessories. This complied with the company objective to move ACL Cables PLC to strengthen its value chain and to become a comprehensive one-stop shop for electrical requirements.

The advertisement features a woman in a flowing yellow dress against a dark, textured background. The ACL logo, a yellow circle with three curved lines, is positioned above the word "ACL" in large white letters. Below "ACL" is the word "elegance" in a white serif font, and "In *style* Forever" in a smaller white font. Two white electrical products, a switch and a socket, are shown in the center. Below them, three color swatches are labeled "Available in": Matt Black, Bronze, and Grey. The website "www.acl.lk" and "LIFETIME WARRANTY" are at the bottom.

**ACL**  
elegance  
In *style* Forever

Available in

Matt Black Bronze Grey

www.acl.lk LIFETIME WARRANTY

# PRODUCTS PORTFOLIO



One Gang One Way Switch



One Gang Two Way Switch



Two Gang One way Switch



Three Gang One Way Switch



Four Gang One Way Switch



20A Double Pole Switch



One Gang Bell Press Switch



Data Socket Outlet



Fan Speed Controller



Light Dimmer



Blank Plate



TV Socket Outlet



13A Switched Socket Outlet

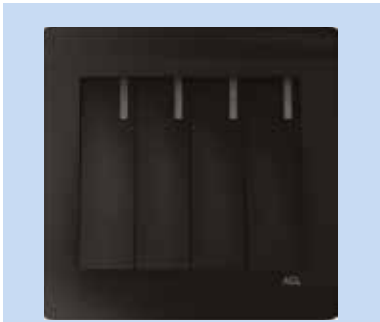


13A Switched Socket Outlet with Neon



Telephone Socket Outlet

**ACL ELEGANCE COLOUR RANGE**



HD Black



HD Bronze



HD Gray

# PRODUCTS PORTFOLIO



One Gang One Way Switch



Two Gang One Way Switch



Three Gang One Way Switch



Four Gang One Way Switch



Five Gang One Way Switch



13A Switched Socket



13A Switched Socket with Neon



Blank Plate



Bell Press (20A, AC 250V)



Telephone Socket (4Wire, RJ11)



TV Outlet (750hm, co-axial)



Light Dimmer (500W)



Double Pole (20A, AC 250V)



Data Socket



Ceiling Rose



Lamp Holder



13A Plug Top



Led Indicating Light Green MCB Single Pole



Led Indicating Light Red MCB Single Pole



Led Indicating Light Blue MCB Single Pole



Circuit Breaker (MCB) Single Pole



Led Indicating Light Yellow MCB Single Pole



Main Switch (Isolator) Double Pole



Trip Switch (RCD) Double Pole

# PRODUCTS PORTFOLIO



Mercury Isolator



Mercury MCB



Mercury RCD



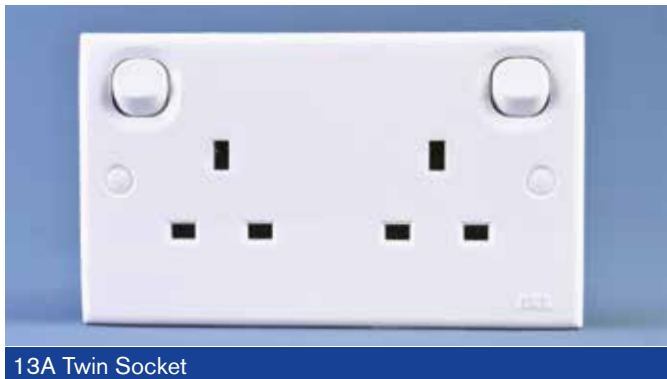
USB Charger 5V 2.5A



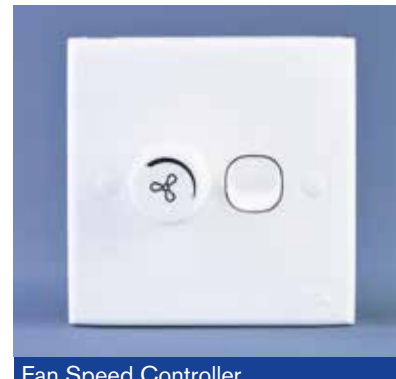
5 Step Fan Controller



Bell For MCB



13A Twin Socket

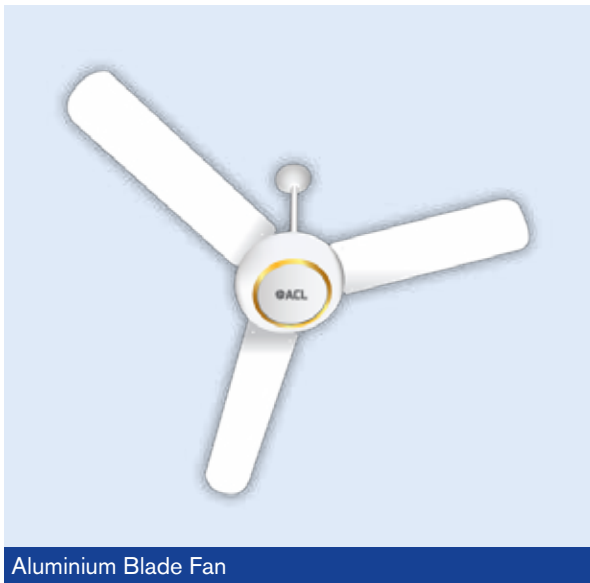


Fan Speed Controller



## CEILING FAN

ACL ceiling fans were introduced to local market with superior quality and value for money. Complying with international criterions, ACL ceiling fans are manufactured under ISO certification. The product comes in two models as metal blade and aluminium blade fans. The blades that are designed with broader width, ensure higher air delivery than most other fans in market. The aluminium blade ceiling fan is designed especially to cater the needs of anti-corrosion. Both ranges possess a two year one-to-one replacement warranty on motor defects.



# CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

## Favourable factors

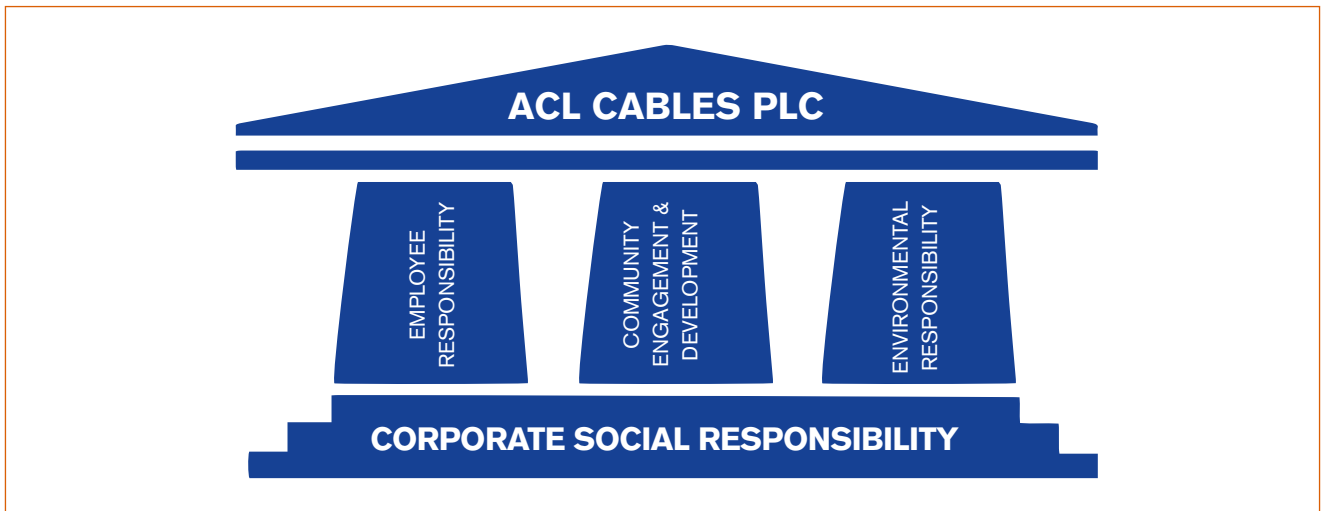
ACL Cables PLC as the No. 1 cable company in Sri Lanka for six decades has always taken measures in creating an adequate platform for corporate social responsibility. This has been treated as a management concept integrating people, social and environmental concerns attached to our business operations. CSR is taken care of as part of

achieving a balance in our economic, environmental and social imperatives, known as the Triple-Bottom-Line approach.

We implement CSR concepts in a proper manner that can bring a variety of competitive advantages, such as improved productivity and quality, enhanced access to markets, increased sales and profits, efficient

human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes. Thereby we ensure that CSR is managed and implemented as planned benefiting all stakeholders.

The three pillar CSR model at ACL is as follows:



## Environmental Responsibility

As we manufacture a valuable product, which is part and parcel of people's overall life we ensure that it helps them to engage in all their day-to-day activities with maximum protection, safety and minimum

interruption. Yet, the production process may have consequences that may affect the environment adversely. Hence we ensure full protection and adherence in order to have minimal effect to the environment during the total process of production.

The most significant activity in parallel to the above is the disposal of scrap stocks at our factories. The plastic scrap, which is not used for manufacturing of cables, is handed over for proper recycling under national standards. The same principle is applied to every industrial by-product and we make sure that we do not contaminate our environment with our industrial produce.



Further, we are the largest shareholder of a major hydro power company in Sri Lanka named Resus Energy PLC, contributing ourselves to become a 'Green Company' and the only of this kind by a company operating in our industry.



ACL Cables has taken key action to maintain a pleasant and clean environment. We have incorporated such action items in our ISO standards manual, to maintain the plant and equipment as per nationally and globally approved environmental safety levels. Thereby we have kept up to the standards and awarded the internationally recognized certificate of ISO 14001, which specifies international standards required for an effective environmental management system

### Employee Responsibility

Employee responsibility is treated under the following criteria.

- **A Safe and Healthy Work Environment:** Considering the work our employees do especially at our factories, we insure over 500 employees through a comprehensive corporate medical insurance scheme for all of them.
- **Training & Informal gatherings:** To educate the new blood who joined with us a special training programme was conducted at the factory premises. This was conducted by the Human Resource division at ACL factory with the facility of its higher management.
- Furthermore amidst the COVID-19 pandemic to keep the positive energy going-on a motivational and leadership programme was conducted by ACL factory personnel. This gave many positive outcomes at the end of the session amongst all employees attended



# CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

As part of an informal gathering session the welfare society of ACL head office conducted a special Karaoke Night at the premises of head office, to enhance employee relationship and encourage the creative skills of talented employees



Reward employee retention: We encourage employee retention at our work place to ensure our trained staff stays with us. This is not said in words but also practiced. As honor and recognition for such long standing employees we reward employees who served ACL for over 25 years with a one pound gold coin presented by our Chairman and Managing Director

ACL also has a special reward scheme for the children of our employees as well. This is in recognition for those who gained best results at their grade 5 scholarship, GCE Ordinary Level and GCE Advanced Level examinations. This special reward scheme is named "Nana thilina" and conducted under full supervision and guidance of the human resource division at ACL.



### Community engagement and development

We thrive to encourage education amongst all of our stakeholders on the essential facts related to our industry. Keeping in line with this we conducted a series of programmes to educate consumers, shop owners, electricians and vocational training students.

The Electricians Loyalty Club at ACL facilitates this requirement. A series of educational seminars for electricians is conducted for the above purpose.

Furthermore the loyalty club provides a personal accident insurance cover for all electricians who are registered with us. Considering the level of risk involved in their jobs this insurance is provided to protect and as a scheme to secure their lives. This provides a life insurance cover of Rs. 1.2 million along with many more benefits for the goodwill of electricians.



Further, four factory visits were organized by the initiative of factory personnel for the forces of Sri Lanka, students of a Colombo university, Ruhunu University and a technical campus at Wellawatta. These sessions were conducted as means of educating our community and next generation of citizens.



A special charity programme was conducted for medical monastery, named "Sheela Suva Arana" situated in Horana, established to treat monks. An almsgiving was organized by the employees for the monks in the monastery.

# AWARDS & CERTIFICATIONS



**1. Crystal Award 2009**

Award for the winner of the Gold Awards over three consecutive years by the Ceylon National Chamber of Industries.

**2. Asia Pacific Quality Award 2008**

Won the highest award, beating participants from 46 countries, and ACL recognised as a world-class company.

**3. National Productivity Awards**

1st place in 2007 organised by the National Productivity Secretariat.

**4. National Quality Award Winner 2007**

**5. Global Commerce Excellence Awards 2014**

**6. B2B Brand of the year at SLIM Brand Excellence 2015 - Gold**

**7. Master Brand Status 2017**

**8. B2B Brand of the year at SLIM Brand Excellence 2018 - Silver**

**9. Silver Award in the large Scale of the Manufacturing Sector - SD Excellence Award**

**10. Bronze Award in Manufacturing Large Metal Industry Category at National Cleaner Production Awards 2019**

Certification	Description
ISO 9001 : 2015	Quality Management System
ISO 14001: 2015	Environment Management System
SLS 733	"ACL" Brand PVC Insulated and PVC Sheathed Cables
SLS 1504 -2-11	"ACL" Brand Flexible Cables with Thermoplastic PVC Insulation
SLS 1504 -2-31	"ACL" Brand Single Core Non-sheathed Cables with Thermoplastic PVC Insulation
SLS 1186	"ACL" Brand Armored Electric Cables having Thermosetting XLPE insulation
SLS 750-1	"ACL" Brand All Aluminium Stranded Conductors
Credit Rating [A+]	Obtained the issuer Rating of [SL] A+ (Stable) from ICRA Lanka Limited.

# GROUP STRUCTURE

Description / Company	ACL Cables PLC	Kelani Cables PLC	ACL Plastics PLC	Ceylon Bulbs & Electricals Ltd	Lanka Olex Cables (Pvt) Ltd	ACL Kelani Magnet Wire (Pvt) Ltd
Registration Number	PQ 102	PQ 117	PQ 87	PB 1283	PV 20493	PV 11996
Date of Incorporation	10.03.1962	18.12.1972	17.07.1991	16.10.1957	22.02.1993	29.06.2000
Corporate Status	Public Limited Company	Public Limited Company	Public Limited Company	Limited Company	Private Limited Company	Private Limited Company
ACL Cables PLC's Effective Shareholding in the Company	Parent Company	79.30%	65.20%	95.30%	100%	93.79%
Directors	U. G. Madanayake - Chairman	U. G. Madanayake - Chairman	U.G.Madanayake - Chairman	U.G.Madanayake - Director	U.G.Madanayake - Chairman	U. G. Madanayake - Director
	Suren Madanayake - Managing Director	Suren Madanayake - Deputy Chairman	Suren Madanayake - Managing Director	Suren Madanayake - Director	Suren Madanayake - Managing Director	Suren Madanayake - Director
	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. Maya Weerapura - Director
	Ajit Jayaratne - Director	Dr. Bandula Perera - Director	Das Miriyagalle - Director			
	Hemaka Amarasuriya - Director	Mr. Deepal Sooriyaarachchi - Director	Dr. Kamal Weerapperuma - Director			
	Daya Wahalantiri - Director	Mr. M. Saranapala - Director				
	Rajiv Casie Chitty - Director					
	Dr Sivakumar Selliah - Director					
Principal Activity	Manufacturing and Selling of Power Cables & Conductors, Armored Cables, Aerial Bundled Cables, Control Cables, Telephone Cables & Auto Cables	Manufacturing and selling of Power Cables, Telecommunication Cables & Enameled Winding Wires	Manufacturing Cable grade PVC Compound	Dormant	Investing Company	Manufacturing and export of Enameled Winding Wires
Auditors	PricewaterhouseCoopers, Chartered Accountants	KPMG Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	A. I. Macan Marker & Co. Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants
Secretaries	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd
Total Number of Employees as at 31st March 2021	715	520	60	None	None	None



ACL Polymers (Pvt) Ltd	ACL Metals & Alloys (Pvt) Ltd	Ceylon Copper (Pvt) Ltd	ACL Electric (Pvt) Ltd	Cable Solutions (Pvt) Ltd	RESUS Energy PLC
PV 3371	PV 3811	PV 79466	PV 89241	PV63036	PV 415 PB PQ
06.09.2005	05.09.2005	17.06.2011	08.11.2012	2008.02.25	11.06.2003
Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Public Limited Company
65.20%	100%	100%	100%	51%	32.53%
U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	Suren Madanayake - Chairman
Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Krishantha Nanayakkara - Director
				Daya Wahalantantiri - Director	Ms D C Abeywardena
				Chehan Prsanna Richard Perera-Director	U. G. Madanayake - Director
					Professor M K Ranasinghe - Director
					U P Egalahewa PC - Director
					N Weerakoon - Alternate Director
Manufacturing of PVC compounds	Manufacturing and Selling Aluminium rods, Alloys of Aluminium and Other Metals	Manufacturing of copper rods, bus bars, strips, profiles, catenary wires and tubes for local and export market	Manufacturing of electrical accessories		Power & energy Generation
PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants		Ernst & Young, Chartered Accountants
Management Applications (Pvt) Ltd	Management Applications (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd		Nexia Corporate Consultants (Pvt) Ltd
None	27	27	113	253	90

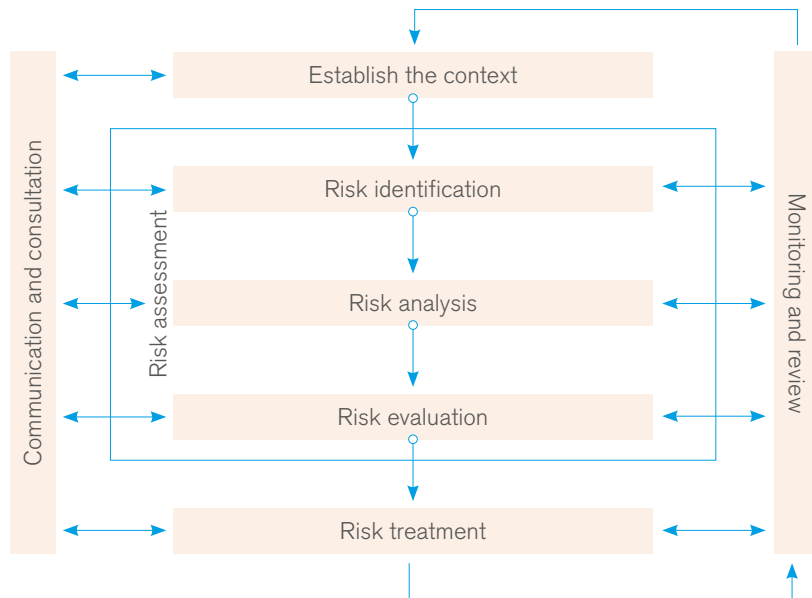
# RISK MANAGEMENT

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

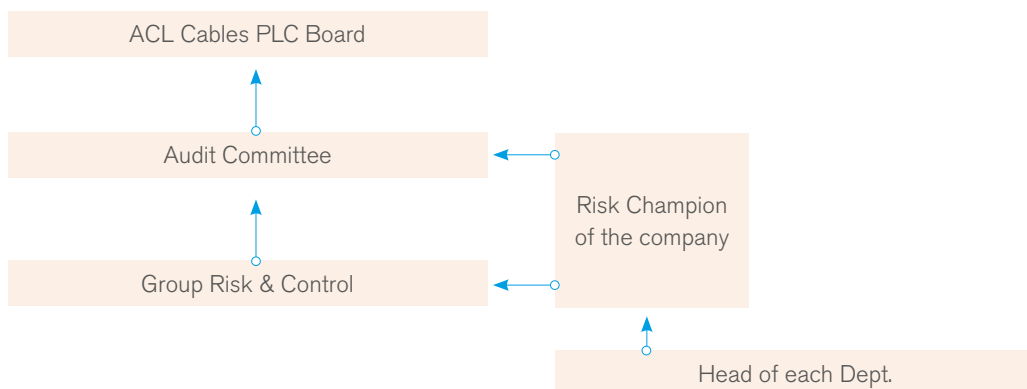
As the market leader in the Sri Lankan cable industry, our success is our ability to identify and exploit the opportunities that exist in the market that we operate in. In doing this, we proceed with an embedded approach to risk management which puts risk and opportunity assessment in the decision-making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

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

## The Risk Management Process



Management Reporting structure of the ACL Cables PLC is as follows;



## Risk Evaluation and Mapping

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

## 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				
		E - Extreme	H - High	S - Significant	M - Moderate	L - Low

## Managing Risks

Risk Exposure	Description	Risk Mitigation actions
1. Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period and early payment for creditors.	<ul style="list-style-type: none"> <li>Conducting regular follow-ups on trade debts and continuous reviewing on working capital management</li> <li>The company has sufficient assets to offer as collateral for future funding requirements.</li> <li>Obtaining funding facilities to adequately manage liquidity position through several financial institutions.</li> <li>Minimized existing slow-moving, non-moving &amp; excess stocks while strengthening inventory policy guidelines.</li> </ul>
2. Interest Rate Risk	Potential increase in market interest rates have a negative impact on the profitability by way of borrowing cost	<ul style="list-style-type: none"> <li>Constant negotiations with banks to obtain the best possible interest rate for Groups' borrowings and investments.</li> <li>Interest rate sensitivity analysis is done regularly to measure the potential impacts of rate variations</li> </ul>
3. Exchange Rate Risk	Increases in material cost as a result of adverse movement in the exchange rates  Limitations on material imports due to inadequate LC facilities	<ul style="list-style-type: none"> <li>Using financial risk management tools such as Forward Rate Booking and Hedging</li> <li>Utilization of locally purchased copper to minimize the impact of the negative movement of exchange rates.</li> <li>Diversified banking operations with new bankers to minimize dependency on existing banks.</li> </ul>

# RISK MANAGEMENT

Risk Exposure	Description	Risk Mitigation actions
4. Credit Risk	Potential losses arising due to customer defaults	<ul style="list-style-type: none"> <li>Ensuring compliance over group credit policy guidelines</li> <li>Revamped credit committee of the business and enhanced meeting frequency for effective credit management</li> <li>Established recovery team by recruiting specialists for recovery activities to handle overdue balances</li> <li>Mitigating risk of export sales through credit letters and advance TT remittances.</li> <li>Diminished existing credit period of all customer categories to minimize credit exposure of the business</li> <li>Obtaining bank guarantees for local distribution sales.</li> <li>Demarcate the areas of operations in the local market and constant monitoring the credit exposure level of distributors</li> </ul>
5. Country Risk	The negative impact arising due to adverse economic factors such as Political, Economical, Social, Technological and Legal	<ul style="list-style-type: none"> <li>Through analysis on PESTAL factors and continuous revisions in business planning to grab opportunities prevailing in the market.</li> <li>Mitigating prevailing risks through effective insurance management.</li> </ul>
6. Human Resources Risk	The negative impact to the business due to loss of Key Executives and inability attract, develop and retain skill work force.	<ul style="list-style-type: none"> <li>Maintain an employee evaluation scheme to reward employees who are performing well.</li> <li>Maintain healthy and cordial relationships with employees at all levels through joint consultative committees.</li> <li>Provide various employee benefits through the Welfare Society.</li> <li>Provide specific and general training wherever necessary.</li> <li>Conducting succession planning procedures for key positions.</li> </ul>
7. Technological Risk	Probability of technological changes adversely affecting the company performance	<ul style="list-style-type: none"> <li>Develop a long-term plan to replace existing critical machines with technologically advanced machines.</li> <li>Obtain ISO certifications and accreditations from relevant authorities to ensure the ability to meet local and international requirements with the technology exist with the company</li> </ul>
8. Health and safety Risk	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard	<ul style="list-style-type: none"> <li>Conducting health and safety assessments to evaluate the adequacy of existing safety measures maintaining by the company</li> <li>Ensuring the effectiveness of health and safety measures through ISO and other certifications</li> </ul>

Risk Exposure	Description	Risk Mitigation actions
9. Operational Risk	<p>Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities.</p> <p>Disruptions to operational performance due to COVID-19</p>	<ul style="list-style-type: none"> <li>▪ Ensuring compliance over COVID-19 safety guidelines issue by the government of Sri Lanka</li> <li>▪ Conducting risk base auditing practices across the group to minimize operational risk factors.</li> <li>▪ Conducting control reviews on high-risk areas to assess the strength of the existing control system</li> <li>▪ Monitoring compliance over regulatory and other requirements through compliance dashboards</li> <li>▪ Conducting system control reviews as per the annual internal audit plan</li> <li>▪ Continues improvements in operational procedures while maintaining requirements of ISO standards</li> </ul>
10. Market Risk	Loss of market share or market leadership due to new entries and existing rivalry	<ul style="list-style-type: none"> <li>▪ Maintaining product leadership through continuous improvements in quality standards</li> <li>▪ Strengthening 'ACL' brand through various brand development activities</li> <li>▪ Continues monitoring of competitor and customer behavior while revising existing company strategies</li> </ul>
11. Investment Risk	Value destroying in investments due to a possible difference between the actual return from that of the expected	<ul style="list-style-type: none"> <li>▪ Detailed payback analysis before making an investment</li> <li>▪ Diversify the investment portfolio by focusing on new markets and growth prospects</li> <li>▪ Performing discounted cash flow analysis on investments made by the company to assess the return on the investment.</li> </ul>
12. Information Technology	Failures in hardware and software's, human errors, spam, viruses and malicious attacks	<ul style="list-style-type: none"> <li>▪ Maintaining system performance through continuous version upgrades of ERP</li> <li>▪ Maintaining data backups to minimize data losses in case of an emergency</li> <li>▪ Enhancing system security levels regularly to minimize cybersecurity risk</li> <li>▪ Maintaining vendor agreements for support services and system maintenance</li> <li>▪ Revising IT policies and procedures to create value to the business</li> </ul>
13. Environmental Risk	Probability of negative outcomes, non-compliances and reputational risk occurring as a result of business operations causing damage to the environment	<ul style="list-style-type: none"> <li>▪ Compliance with ISO 14001 environmental management guidelines.</li> <li>▪ Annual renewal of environmental protection license for each site which is issuing by the Environmental Authority</li> </ul>
14. Legal and Regulatory Compliance Risk	The potential negative impact to the business due to non-compliances with external regulatory requirements and internal policies & procedures	<ul style="list-style-type: none"> <li>▪ Maintaining compliance Dashboard to ensure timely compliance over regulatory requirements</li> <li>▪ Conduct compliance assessment across the group every quarter</li> </ul>

# CORPORATE GOVERNANCE

ACL Cables PLC is committed to best practices in the area of Corporate Governance. Corporate Governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders. Good governance facilitates effective management and control of the business, while maintaining a high level of business ethics and optimizing the value for all stakeholders. Sound Corporate Governance is reliant on external marketplace commitment and legislation plus a healthy Board culture which safeguards policies and processes. Further, an important element of Corporate Governance is to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the dilemma of principal-agent.

The Corporate Governance Report, together with the Audit Committee Report and the Directors Remuneration Report, provides a description of the manner and extent to which ACL Cables PLC complies with 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.

## The Chairman's Role

The Chairman is responsible for preserving good Board room governance and encourage positive contributions from both Executive and Non-Executive Directors for the effective discharge of the Board's responsibilities. The Chairman considers the view of all Directors on any matter put before the Board and ensure that the Board is in complete control of the affairs of the company.

The Chairman leads the Board, developing the Board forward agenda and the preparing in detail for meetings to maximize the efficiency of Board

output. His aim is that Board meetings should allow full and free discussion, taking account of the interest of the group's various stakeholders whilst promoting high standard corporate governance

The Chairman also encourages expression of the broadest range of views, including those which may challenge the management. He seeks to foster open and trusting relationship between Executive and Non-Executive Board members.

The main responsibilities of Chairman are;

- Facilitate the effective contribution of Non-Executive Directors and the engagement between Executive and Non-Executive Directors.
- Ensure the regular flow of accurate and relevant management information to enable the Board to make sound decision and monitoring business performance.
- Ensure that an annual evaluation of the Board is conducted.
- Ensure that committee chairman conduct evaluations of their committees.
- Ensure effective communication with share holders so that the Board develops a clear understanding of their views.
- Ensure the effective functioning of all Board sub committees.

## The Board of Directors

The Board is collectively responsible for the success of the company. Its role is to provide entrepreneurial leadership to the company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews

management performance. It also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. Specific responsibilities reserved to the Board include:

To enhance shareholder value.

- Reviewing of corporate objectives, budgets and forecasts.
- Reviewing of operational and functional performance.
- Approving capital investments.
- Ensuring the implementation of an effective internal control system.
- Ensuring compliance with highest ethical and legal standards.
- Approval of the Annual and Interim Financial Statements prior to publication.
- Recommending Dividends for approval by the shareholders.

The Board comprises of Eight Directors of whom five are Non-Executive Directors. The names and profiles of the Directors are given on pages 16 to 19 of this report. The Board recognizes the need for a clear division of responsibilities in running the Company business. Accordingly, the positions of Chairman and Managing Director have been separated.

## The Board Balance

The composition of the Executive and Non-Executive Directors in the Board satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange and the code of best practices in corporate governance issues by the Institute of Chartered Accountants of Sri Lanka (ICASL). The Board consists of five Non-Executive Directors and four of them are Independent Non-Executive Directors. The Board has determined that the four independent Non-Executive Directors satisfy the criteria for "Independence" set out in the Listing Rules.

## Finance Acumen

The Board is constituted members specialized in a multitude disciplines and experience in corporate finance,

Accounting, Management, Marketing, Economics, Law, Human Resource, Corporate Governance and Risk Management. Hence, they are able to

provide constructive debate, scrutinize performance and help develop Board strategy with a global perspective and outlook.

## Directors' Attendance Record

The attendance of Directors at relevant meetings of the Board and of the Audit and Remuneration Committees held during 2020/2021 was as follows.

Name of Director	Board (12 Meetings)	Audit Committee (4 meetings )	Remuneration Committee (2 meetings)	Related party Transactions Review Committee (4 meetings)
Executive Directors				
Mr. U. G. Madanayake – Chairman	11			
Mr. Suren Madanayake – Managing Director	12			
Mr. Daya Wahalantantiri – Executive Director	12			
Non-Executive Directors				
Mrs. N. C. Madanayake	9			
Independent Non-Executive Directors				
Mr. Ajit Jayaratne	11	4	2	4
Mr. Rajiv Casie Chitty	12	4	2	4
Mr. Hemaka Amarasuriya	10			
Dr. Sivakumar Selliah	12			

## Dedication of Adequate Time and Effort

Every Director dedicates adequate time and effort to matters of the Board and the Company. Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.

In addition, the Executive Directors of the Board have regular meetings with the Management when required.

## Training for the Directors

Every Director receives appropriate training on the first occasion that he or she is appointed to the Board of the Company and subsequently as necessary. The policy on Directors training is, to provide adequate opportunities for continuous development subject to requirements and relevance for each Director.

## Re- Election of Directors

All Directors are required to submit themselves for re-election at regular intervals and at least every three years. According to the Articles of

Association, Mr. Ajit Jayaratne and Mrs. N. C. Madanayake retire by rotation and are required to stand for re-election by shareholders at the Annual General Meeting.

## Nomination Committee

A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. In the absence of a Nomination Committee, the Board as a whole should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.

The Company has not formed a specified Nomination Committee. However, the performance of the Board and its composition are being evaluated annually.

## Accountability and Statutory Audit

The Board presents a balanced and understandable assessment of the Company's position and prospectus.

The Quarterly and Annual Financial statements, prepared and presented in conformity with Sri Lanka Accounting Standards, comply with the requirements of the Companies Act No. 07 of 2007.

The Report of the Directors is provided on pages 52 to 53 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 54 and 59 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report of Directors on page 52 of this Annual Report.

## Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place which optimize the Group's ability to manage risk effectively and appropriately. The Board has delegated to the Audit Committee

# CORPORATE GOVERNANCE

responsible for identifying, evaluating, and monitoring the risks facing by the Group and for deciding how these are to be managed. Members of the Audit Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious accidents or events that have had a major commercial impact, or any significant new risks which have been identified.

A summary of those risks which could have a material impact on the performance of the Group is given within the Risk Management section in the Annual Report. The objective of the Group's risk management process is to ensure the sustainable development of ACL Cables PLC through the conduct of its business in a way that:

- Satisfies its customers,
- Develops environmentally friendly products,
- Provides a safe and healthy workplace,
- Protects against losses from unforeseen causes,
- Minimizes the cost and consumption of increasingly scarce resources,
- Prevents pollution and wastage,
- Maintains proper relationship with suppliers and contractors, and
- Maintains a positive relationship with the communities in which we do business.

The Group's systems and procedures are designed to identify, manage and where practicable, reduce and mitigate effects of the risk of failure to achieve business objectives. They are not designed to eliminate such risk, recognizing that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

## Remuneration Committee

The Remuneration Committee consists exclusively of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee are listed each year in the Board's remuneration report to the shareholders. The Remuneration Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of the Committee (Senior Independent Non-Executive Director)
- Mr. Rajiv Casie Chitty – Member of the Committee (Independent Non-Executive Director)

Further details of the Remuneration Committee are given in their report on page 56.

## Audit Committee

The Audit Committee shall comprise of a minimum of two Independent Non-Executive Directors or of Non-Executive Directors, a majority of whom shall be independent, whichever is higher. One Non-Executive Director shall be appointed as Chairman of the committee by the Board of Directors.

The Audit Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of the Committee (Senior Independent Non-Executive Director)
- Mr. Rajiv Casie Chitty – Member of the Committee (Independent Non-Executive Director)

Further details of the Audit Committee are given in their report on page 55.

## Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) shall comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee by the Board of Directors.

The Related Party Transactions Review Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of the Committee (Senior Independent Non-Executive Directors)
- Mr. Rajiv Casie Chitty – Member of the Committee (Independent Non-Executive Directors)

Further details of the Related Party Transactions Review Committee are given in their report on page 57 & 58.

## Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for the Directors and members of the senior management.

The table below indicates the manner and extent to which ACL Cables PLC complies with 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.



## Corporate Governance Check List

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.1(a)	Non-Executive Directors (NED)	2 or 1/3 of the total number of Directors whichever is higher.	✓	Corporate Governance
7.10.2 (a)	Independent Directors (IDS)	2 or 1/3 of NEDs, whichever is higher, should be independent.	✓	Corporate Governance
7.10.2 (b)	Independent Declaration	Each NED should submit a declaration of independence.	✓	Corporate Governance
7.10.3 (a)	Disclosures Relating to Directors	<ul style="list-style-type: none"> <li>▪ The Board shall annually determine the independence or non-independence of each NED.</li> <li>▪ Names of IDs should be disclosed in the Annual Report (AR).</li> </ul>	✓	Corporate Governance
7.10.3 (b)	Disclosures Relating to Directors	The basis for the Board's determination of independence, if criteria specified for independence is not met	✓	Corporate Governance
7.10.3 (c)	Disclosures Relating to Directors	A brief résumé of each Director should be included in the AR including the Director's areas of expertise.	✓	Board of Directors (profile) section in the Annual Report
7.10.3 (d)	Disclosures Relating to Directors	Provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE.	✓	Corporate Governance
7.10.4 (a-h)	Criteria for Defining "Independence"	Requirements for meeting criteria.	✓	Corporate Governance
7.10.5	Remuneration Committee (RC)	A listed company shall have a RC.	✓	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee (RC)	<ul style="list-style-type: none"> <li>▪ RC shall comprise of a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher.</li> <li>▪ A NED shall be appointed as the Chairman of the Committee.</li> </ul>	✓	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee (RC)	The RC shall recommend the remuneration of executive directors and CEO.	✓	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report Relating to Remuneration Committee (RC)	<ul style="list-style-type: none"> <li>▪ Names of Directors comprising the RC.</li> <li>▪ Statement of Remuneration Policy</li> <li>▪ Aggregated remuneration paid to EDs and NEDs.</li> </ul>	✓	Corporate Governance and Remuneration Committee Report
7.10.6	Audit Committee (AC)	The Company shall have an AC.	✓	Corporate Governance

# CORPORATE GOVERNANCE

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.6 (a)	Composition of Audit Committee (AC)	<ul style="list-style-type: none"> <li>AC shall comprise a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher.</li> <li>A NED shall be appointed as the Chairman of the Committee.</li> <li>MD and Chief Financial Officer shall attend AC meetings.</li> <li>The Chairman of the AC or one member should be a member of a recognized professional accounting body.</li> </ul>	✓	Corporate Governance and the Audit Committee Report
7.10.6(b)	Functions of Audit Committee (AC)	<p>Overseeing of the –</p> <ul style="list-style-type: none"> <li>Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards.</li> <li>Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.</li> <li>Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</li> <li>Assessment of the independence and performance of the external auditors.</li> <li>Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor.</li> </ul>	✓	Corporate Governance and the Audit Committee Report
7.10.6 (c)	Disclosure in Annual Report Relating to Audit Committee (AC)	<ul style="list-style-type: none"> <li>Names of Directors comprising the AC.</li> <li>The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination.</li> <li>The AR shall contain a Report of the AC setting out the manner of compliance with their functions.</li> </ul>	✓	Audit Committee Report
9	Related Party Transactions Review Committee (RPTRC)	The Company shall have a RPTRC.	✓	Corporate Governance
9.2.1	Functions of Related Party Transactions Review Committee (RPTRC)	<ul style="list-style-type: none"> <li>Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee" (the Committee) as required in terms of the provisions set out in Appendix 9A of these 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.</li> </ul>	✓	Corporate Governance and the Related Party Transactions Review Committee Report
9.2.2	Composition of Related Party Transactions Review Committee (RPTRC)	<ul style="list-style-type: none"> <li>The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One independent Non-Executive Director shall be appointed as Chairman of the Committee.</li> </ul>	✓	Corporate Governance and the Related Party Transactions Review Committee Report

## FINANCIAL STATEMENTS

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# FINANCIAL CALENDAR 2020/21

01st Quarter Interim Financial Statements (30th June 2020)	- 14th August 2020 - (Unaudited)
02nd Quarter Interim Financial Statements (30th September 2020)	- 16th November 2020 - (Unaudited)
03rd Quarter Interim Financial Statements (31st December 2020)	- 10th February 2021 - (Unaudited)
04th Quarter Interim Financial Statements (31st March 2021)	- 01 June 2021 - (Unaudited)
Annual Report 2020/21	- 30th September 2021
59th Annual General Meeting	- 28th October 2021
First Interim Dividends Paid (Rs. 1.50 per Share)	- 23 September 2020

# REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 59th Annual Report together with the Audited Statements of Financial Position, Income Statements and Consolidated Financial Statements of the Group for the year ended 31 March 2021.

## Review of the Year

The Chairman's Message and Managing Director's Review set out the state of affairs and performance of the Company during the year.

## Directors

Directors of the Company are listed on pages 16 to 19 and their respective shareholdings are given below.

	Number of Shares as at 31.03.2021	% Holding as at 31.03.2021	Number of Shares as at 31.03.2020	% Holding as at 31.03.2020
U. G. Madanayake - Chairman	91,388,864	38.15	45,694,432	38.15
Suren Madanayake - Managing Director	53,209,584	22.21	26,604,792	22.21
Mrs. N. C. Madanayake	4,128,400	1.72	2,064,200	1.72
Dr. Sivakumar Selliah	1,400,000	0.58	700,000	0.58
A. M. S. De S. Jayaratne	-	-	-	-
Hemaka Amarasuriya	-	-	-	-
D. D. Wahalantiri	-	-	-	-
P. S. R. Casie Chitty	-	-	-	-

## Accounting policies and changes during the year

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group are given in pages 70 to 92.

The accounting policies adopted by the Group are consistent with those adopted in the previous financial year.

## Going Concern

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the

## Principal Activities of the Group

Description of the nature of the operations and principal activities of the Company and its subsidiaries are given on pages 38 to 39.

## Future Developments

An overview of the future developments of the Company is given in Managing Director's Review on page 12.

## Independent Auditor's Report

The Independent Auditors' Report on

the Financial Statements is given on page 59 in this Report.

## Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 64 to 129 in this Annual Report.

## Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 54.

going concern basis in preparing the Financial Statements.

## Stated Capital

The Stated Capital of the Company as at 31 March 2021 was LKR 299 million and was unchanged during the year.

## Events Occurring After the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 38 to the Financial Statements.

## Statutory Payments

All known statutory payments have

been made or provided for by the Company.

## Interest Register

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

## Directors' Interest in Contracts

Directors' interests in contracts of the Company are disclosed in Note 38 to the Financial Statements and no Director of the Company is directly or indirectly interested in any other contracts with the Company.

# REPORT OF THE DIRECTORS

## Directors' Retirement by Rotation

The Directors retiring by rotation in terms of Article 85 will be Ms. N C Madanayake and Mr. Ajith Jayaratne, who being eligible are recommended for re-election.

## Directors' Remuneration

Remuneration received by the Directors is set out in Note 6 to the Financial Statements.

## Directors Meetings

The details of Directors' meetings are set out on pages 44 to 48 under the Corporate Governance section of the Annual Report.

## Dividends

Having satisfied the compliance of the solvency test required by the Companies Act No. 07 of 2007, an interim dividend of LKR 1.50 per share was paid on 23 September 2020 to the holders of the Ordinary Shares for the financial year 2020/2021.

## Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment of the Company and the Group amounted to LKR 19 million and LKR 201 million respectively, details of which are given in notes 12, 13 and 15 to the Financial Statements.

## Property, Plant and Equipment

Details of property, plant and equipment are given in note 12(a) and note 12(b) to the Financial Statements. The Freehold properties (land and buildings) of the Group have been revalued based on independent professional valuations and written-up in the books of account to conform to market value of such properties. Further, details of such revaluations are given in Note 12 (c) and (d) to the financial statements.

## Donations

Donations amounting to LKR 0.9 million were made during the year under review.

## Share Information

Information relating to earnings, dividend, net assets and market price per share is given in the Information to Shareholders on page 131 of the Annual Report.

## Shareholdings

As at 31 March 2021 there were 6,324 shareholders. The distribution is indicated on page 131 of the Annual Report. The twenty largest shareholders of the Company as at 31 March 2021, together with an analysis are given on page 132 of the Annual Report.

## Related Party Transactions

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS 24 "Related Party Disclosures" which is adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the section 9 of the listing rules. Those transactions disclosed by the Directors are given in Note 37 to the Financial Statements forming part of the Annual Report of the Board.

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

Related Party Transactions Review Committee report is set out on pages 52 to 58 in the Financial Statements.

## Recurrent related party transactions,

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue.

## Non-recurrent related party transactions

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

A detailed disclosure of related party transactions is given in Note 37 to the financial statements

## 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 Group 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.

### **Environmental Protection**

The Company has used its best endeavors to comply with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

### **Corporate Governance**

In the management of the Company, the Directors have placed emphasis in 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 44 to 48 of the Annual Report.

### **Compliance with Laws and Regulations**

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

### **Appointment of Auditors**

The Company's auditors during the period under review were Messrs. PricewaterhouseCoopers, Chartered Accountants, who also were the auditors of certain subsidiaries of the Company.

Audit fees payable to Messrs. PricewaterhouseCoopers, by the Company and the Group amounted to LKR 0.6 million and LKR 3.3 million respectively. Audit fees payable to other auditors of other subsidiaries by the Group amounted to LKR 0.7 million.

### **Notice of Meeting**

The 59th Annual General Meeting of the Company is convened on 28th October 2021, at 9.30 am. In the way of virtual meeting. The Notice of the 59th Annual General Meeting is on page 137 of the Annual Report.

By Order of the Board

(Sgd.)

**Corporate Affairs (Private) Limited**  
Secretaries

30th September 2021

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Board accepts 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 and not absolute assurance of safeguarding of the Company's assets, maintenance of proper accounting records and the reliability of financial information.

The financial statements presented in the Annual Report for the year ended 31st March 2021, have been prepared based on the new

Sri Lanka Accounting Standards (SLFRSs/LKASs) which came into effect for the financial periods commencing after 1st January 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the financial statements.

The Board of Directors confirm that the Company's and the Group's Consolidated Statements of Financial Position as at 31st March 2021 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2021 reflect a true and fair view of the Company and the Group respectively.

## Approval of Financial Statements

The Directors' Report and the Financial Statements of the Company and of the Group were approved by the Board of Directors on 30th September 2021.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited  
Secretaries  
30th September 2021



# AUDIT COMMITTEE REPORT

## Role of the Audit Committee

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

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

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

## Composition of the Audit Committee

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

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

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

## Financial Reporting

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

## External Auditors

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

As a general principle, the external auditors are excluded from consultancy work and cannot be engaged by ACL 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 Managing Director, via the Group Financial Controller 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 ACL Cables PLC, the re-appointment of Messrs. PricewaterhouseCoopers Chartered Accountants as auditors of the Company, subject to the approval of the Shareholders at the Annual General Meeting. Details of the fees payable to external auditors for 2020/2021 can be found in Note 6 to the financial statements.

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

## Internal Control System

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

On behalf of the Committee

(Sgd.)

Ajit Jayaratne

Chairman of the Audit Committee

30th September 2021

# REMUNERATION COMMITTEE REPORT

## Role of the Remuneration Committee

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

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

## Composition of the Remuneration Committee

The Remuneration Committee comprises of the following Non-Executive Directors;

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

Member of the Committee and the chairman of the Committee are appointed through a Board resolution.

## Meetings and Attendance

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

## Functions of the Remuneration Committee

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

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

Members' attendance at meetings of the Remuneration Committee in 2020/2021 is set out in the table in the Corporate Governance Report.

## Executive Directors

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

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

## CONCLUSION

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

On behalf of the Committee

(Sgd.)

**Ajit Jayaratne**

Chairman of the Remuneration Committee

30th September 2021

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

## Objective

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

The objective of 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 ACL Cables PLC as per the Code of Best Practices on Related Party Transactions.

## Composition of the Related Party Review Committee

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

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

## Scope of the Committee

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

are carried out on an arm's length basis.

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

## Role of the Committee

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms

of the provisions set out in Appendix 9A of CSE Rules, either prior to the transaction being entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

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

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- 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

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

Attendance of the members of the Committee for the said meetings is provided on page 45.

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

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

## Conclusion

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

(Sgd.)

**Ajit Jayaratne**

Chairman - Related Party  
Transactions Review Committee  
30th September 2021

# INDEPENDENT AUDITOR'S REPORT



To the Shareholders of ACL Cables PLC

## Report on the audit of the financial statements

### Our opinion

In our opinion, the financial statements of ACL Cables PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 March 2021;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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T U Jayasinghe FCA, H P V Lakdeva FCA, M D B Boyagoda FCA, Ms W D A S U Perera ACA

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACL Cables PLC

Group and Company:

Key audit matter	How our audit addressed the Key audit matter
<p><b>Valuation of freehold land and buildings</b> (Refer Notes 2.10 and 12 in the consolidated financial statements for disclosures of related accounting policies and balances)</p> <p>The Group and Company's freehold land and buildings comprise land and buildings carried at fair value of Rs 4,343 million and Rs. 1,629 million respectively as at 31 March 2021.</p> <p>The Group and Company recorded gains on revaluation of Rs. 842 million and Rs. 300 million respectively for the year.</p> <p>The Group and Company revalue their freehold land and buildings with sufficient regularity (at least every three years), to ensure that the carrying amounts do not differ materially from the fair values which would be determined using fair values at the reporting date.</p> <p>The Group engaged an external valuer to determine the fair value of its freehold land and buildings as at 31 March 2021.</p> <p>Freehold land and buildings are valued at market comparable and depreciated replacement cost methods respectively. The valuation of freehold land and buildings are an area requiring significant judgment in the selection of valuation methodology and use of number of assumptions, including market prices of comparable properties in close proximity after adjusting for differences in key attributes such as property size and the physical state of land and buildings.</p> <p>We focused on this matter because of the:</p> <ul style="list-style-type: none"> <li>▪ Relative number of freehold land and buildings owned by the Group and the Company and significance of the freehold land and building balances in the statement of financial position;</li> <li>▪ Quantum of revaluation gains recognised by the Group and Company, that directly impact the consolidated and separate statements of other comprehensive income; and</li> <li>▪ Inherently subjective nature of freehold land and buildings valuations due to the use of estimates and judgements in the valuation methodology;</li> </ul>	<p>Our audit approach mainly included substantive audit procedures as follows:</p> <ul style="list-style-type: none"> <li>▪ assessed the experience, qualifications and independence of the external valuer;</li> <li>▪ checked the completeness and accuracy of the information provided to the valuer by management;</li> <li>▪ assessed the appropriateness and reasonableness of the land and building values considered by the valuer by comparing them to information publicly available of the property market considering factors such as location, access to main roads, size of the land extent in one plot and physical state of the buildings;</li> <li>▪ evaluated appropriateness of the valuation methodology adopted with methods used in general practice in the industry and assessed the reasonableness of the key assumptions used by the valuer;</li> <li>▪ inspected the final valuation reports and agreed the fair values to the accounting records and financial statements; and</li> <li>▪ checked the adequacy and appropriateness of management's disclosures in the financial statements.</li> </ul> <p>Based on our work performed, we found that the significant judgements and assumptions used to determine the fair values of freehold land and buildings as at 31 March 2021, to be appropriate.</p>

Key audit matter	How our audit addressed the Key audit matter
<p><b>Valuation of investment property</b> (Refer Notes 2.13 and 14 in the consolidated financial statements for disclosures of related accounting policy and balances)</p> <p>The Group's investment properties of Rs. 1,145 million includes investment properties of the Company, comprising land and buildings located in Piliyandala, Kahatuduwa and Kalutara carried at fair value of Rs. 495 million, and land of the subsidiary company located at Ekala, which is also fair valued at Rs. 650 million, as at 31 March 2021.</p> <p>The Company determines the fair value of its investment property in accordance with the Company's valuation policy. This policy requires all investment properties to be valued by an independent valuation expert at least, annually.</p> <p>The Group and Company recorded gains on revaluation of Rs. 363 million and Rs. 19 million respectively on change in fair values of the investment properties for the year.</p> <p>The Group engaged an external valuer to determine the fair values of its investment properties as at 31 March 2021.</p> <p>The valuation of investment properties is an area requiring significant judgment using a number of assumptions, in the valuation methodology including market prices of comparable properties in close proximity after adjusting for differences in key attributes such as property size and the physical state of land and buildings.</p> <p>We focused on this matter because of the:</p> <ul style="list-style-type: none"> <li>▪ Investment property balances in the statements of financial position are significant;</li> <li>▪ Quantum of fair value gains reported in the consolidated and separate financial statements; and</li> <li>▪ Inherently subjective nature of investment property valuation due to the use of estimates and judgments in the valuation methodology;</li> </ul>	<p>Our audit approach mainly included substantive audit procedures as follows:</p> <ul style="list-style-type: none"> <li>▪ assessed the experience, qualifications and independence of the external valuer;</li> <li>▪ checked the completeness and accuracy of the information provided to the valuer by management;</li> <li>▪ assessed the appropriateness and reasonableness of the investment property values considered by the valuer by comparing them to information publicly available of the property market considering factors such as location, access to main roads, size of the land extent in one plot and physical state of the buildings;</li> <li>▪ evaluated appropriateness of the valuation methodology adopted with methods used in general practice in the industry and assessed the reasonableness of the key assumptions used by the valuer;</li> <li>▪ inspected the final valuation reports and agreed the fair values recorded including the fair value gain recognized in the Company's accounting records and separate/ consolidated financial statements; and</li> <li>▪ checked the adequacy and appropriateness of management's disclosures in the financial statements.</li> </ul> <p>Based on our work performed, we found that the significant judgements and assumptions used to determine the fair values of investment property as at 31 March 2021, to be appropriate.</p>

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACL Cables PLC

Key audit matter	How our audit addressed the Key audit matter
<p><b>Assessment of net realisable value of slow-moving inventory</b> (Refer Notes 2.17 and 20 in the consolidated financial statements for disclosures of related accounting policy and balance)</p> <p>The Group and Company held inventory balances of Rs. 7.9 billion and Rs. 4.1 billion respectively at net realisable value after considering the write down required for slow moving and obsolete inventory as at 31 March 2021. As per the Group's accounting policy inventories are held at the lower of cost and net realisable value.</p> <p>Management determines the level of write down required by identifying slow- moving and obsolete inventory by examining inventory records and physical inspection at periodic intervals and estimates the future realisability of slow-moving inventory with reference to inventory aging and expected market values of such inventory.</p> <p>This area was significant to our audit because of the related subjectivity of the assessment process for determining net realisable value which is based on management's judgement of the recoverability of the cost of inventory.</p>	<p>Our audit approach included a combination of testing controls related to the inventory process and substantive audit procedures as follows:</p> <ul style="list-style-type: none"> <li>▪ obtained an understanding and evaluated the management's process in place to identify and recognise slow moving inventory;</li> <li>▪ for a sample of selected slow moving inventory items, determined the net realisable values by reference to recent selling prices compared with net realisable value as determined by the management;</li> <li>▪ tested controls over determining inventory unit cost in the inventory management system;</li> <li>▪ assessed the reasonableness of management's assessment on the recoverability of the cost of inventory;</li> <li>▪ physically inspected a sample of the slow moving inventory items in order to check whether there are any damaged or obsolete items; and</li> <li>▪ checked the mathematical accuracy of management's write down of inventory to its net realisable value.</li> </ul> <p>Based on our work performed, we found management's assessment for arriving at the net realisable value of slow-moving inventory to be appropriate.</p>

## Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report - 2020/21 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 and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 separate/ consolidated financial statements, management is responsible for assessing the Company's/ Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company/ Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

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



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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/ Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate/ consolidated 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/ Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

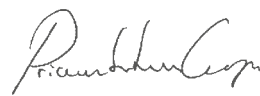
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

#### **Report on other legal and regulatory requirements**

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



**CHARTERED ACCOUNTANTS**  
CA Sri Lanka membership number [2857]  
COLOMBO

30th September 2021

# STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2021	2020	2021	2020
Revenue from contracts with customers	4	22,619,123	18,682,254	13,152,351	11,088,164
Cost of sales of goods	6	(18,778,957)	(15,358,937)	(11,571,715)	(9,909,424)
Gross profit		3,840,166	3,323,317	1,580,636	1,178,740
Other income	5	424,842	160,706	226,948	231,905
Distribution costs	6	(1,166,237)	(1,006,369)	(470,016)	(451,436)
Administrative costs	6	(634,623)	(566,137)	(174,270)	(212,569)
Net impairment losses on financial assets	21 (a)	(152,415)	(110,710)	(125,000)	(78,315)
Operating profit		2,311,734	1,800,806	1,038,298	668,325
Finance income		92,030	168,505	19,601	65,266
Finance costs		(569,504)	(723,618)	(298,492)	(299,902)
Finance costs - net	8	(477,474)	(555,113)	(278,891)	(234,636)
Share of net profit of associates accounted for using the equity method	18 (a)	107,426	57,300	-	-
Profit before income tax		1,941,685	1,302,993	759,407	433,689
Income tax expense	9	(187,963)	(278,750)	(156,527)	(88,761)
<b>Profit for the year</b>		<b>1,753,722</b>	<b>1,024,243</b>	<b>602,880</b>	<b>344,928</b>
<b>Profit attributable to :</b>					
- Owners of the company		1,551,156	891,484	602,880	344,928
- Non-controlling interests		202,565	132,759	-	-
		1,753,722	1,024,243	602,880	344,928
Earnings per share - basic	10	6.47	3.72	2.52	1.44
Dividend per share	11	0.75	1.50	0.75	1.50

The notes on pages 70 to 129 form an integral part of these financial statements.  
Independent auditor's report - pages 59 - 63

# STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2021	2020	2021	2020
Profit for the year		1,753,722	1,024,243	602,880	344,928
Other comprehensive income;					
Subsequently will not be re-classified to profit and loss					
Change in value of financial assets at fair value through other comprehensive income	19 (a)	30,238	(6,125)	3,647	(2,032)
Re-measurements of defined benefit obligations	26( c)	1,972	(14,891)	30,638	(14,170)
Tax impact on re-measurement of defined benefit obligations	27(b) ii	67	4,515	(5,515)	3,968
Share of other comprehensive income of equity accounted investee, net of tax	18(a)	(495)	(218)	-	-
Gain on revaluation of land and building	12	842,255	-	300,231	-
Tax impact on gains on revaluation of land and buildings	27(b)	(139,324)	-	(54,041)	-
Tax impact on effect of change in tax rates	27(b)	66,955		169,926	
Other comprehensive income for the year, net of tax		801,670	(16,719)	444,886	(12,234)
<b>Total comprehensive income for the year, net of tax</b>		<b>2,555,391</b>	<b>1,007,524</b>	<b>1,047,766</b>	<b>332,694</b>
Attributable to;					
- Owners of the company		2,275,336	876,189	1,047,766	332,694
- Non-controlling interests		280,055	131,335	-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>2,555,391</b>	<b>1,007,524</b>	<b>1,047,766</b>	<b>332,694</b>

The notes on pages 70 to 129 form an integral part of these financial statements.  
Independent auditor's report - pages 59 - 63

# STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2021	2020	2021	2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	5,449,766	4,761,445	2,109,476	1,927,055
Capital work in progress	13	244,669	32,517	117,077	7,466
Investment properties	14	1,145,050	782,000	494,550	476,000
Intangible assets	15	75,965	88,813	859	958
Right-of-use assets	16	36,556	40,520	11,170	12,769
Investment in subsidiaries	17	-	-	1,047,644	1,067,218
Investments accounted for using the equity method	18	401,385	312,874	345,093	345,093
Financial assets at fair value through other comprehensive income	19	469,885	367,570	12,328	8,681
		7,823,276	6,385,739	4,138,197	3,845,240
<b>Current assets</b>					
Inventories	20	7,901,819	6,420,790	4,051,750	3,043,758
Trade and other receivables	21	8,964,810	8,413,049	4,979,388	4,528,648
Cash and cash equivalents	22	2,530,387	2,261,756	593,180	955,817
		19,397,016	17,095,595	9,624,318	8,528,223
<b>Total assets</b>		<b>27,220,292</b>	<b>23,481,334</b>	<b>13,762,515</b>	<b>12,373,463</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Stated capital	31	299,488	299,488	299,488	299,488
Capital reserve	32	2,968,657	2,270,744	1,418,683	1,002,568
General reserve	33	1,123,825	1,123,825	680,266	680,266
Fair value reserve of financial assets at FVOCI	34	21,057	73	2,496	(1,151)
Retained earnings		8,919,908	7,543,151	4,154,302	3,705,979
Equity attributable to owners of the Company		13,332,935	11,237,281	6,555,235	5,687,150
Non-controlling interests		1,947,135	1,696,178	-	-
<b>Total equity</b>		<b>15,280,070</b>	<b>12,933,459</b>	<b>6,555,235</b>	<b>5,687,150</b>
<b>Non-current liabilities</b>					
Defined benefit obligations	26	423,783	387,618	216,007	229,880
Deferred income tax liabilities	27	434,810	485,457	216,760	286,292
Borrowings	24	1,094,901	1,130,445	713,334	882,681
Lease liabilities	16	29,009	30,064	10,676	11,752
		1,982,503	2,033,584	1,156,777	1,410,605
<b>Current liabilities</b>					
Trade and other payables	23	6,551,484	2,747,675	4,560,293	3,637,760
Current income tax liabilities	25	646,403	569,748	257,069	219,721
Lease liabilities	16	5,475	6,125	1,080	1,730
Borrowings	24	2,754,357	5,190,743	1,232,061	1,416,497
		9,957,719	8,514,291	6,050,503	5,275,708
<b>Total liabilities</b>		<b>11,940,222</b>	<b>10,547,875</b>	<b>7,207,280</b>	<b>6,686,313</b>
<b>Total equity and liabilities</b>		<b>27,220,292</b>	<b>23,481,334</b>	<b>13,762,515</b>	<b>12,373,463</b>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.



Nishantha Weerakoon  
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by the Board of Directors on 30th September 2021.



U.G. Madanayake  
Chairman



Suren Madanayake  
Managing Director

The notes on pages 70 to 129 form an integral part of these financial statements.

Independent auditor's report - pages 59 - 63

# STATEMENT OF CHANGES IN EQUITY - GROUP

(all amounts in Sri Lanka Rupees thousands)

	Note	Attributable to owners of the parent				Retained earnings	Total	Non-controlling interest	Total equity
		Stated capital	Capital reserve	General reserve	Fair value reserve of financial assets at FVOCI				
<b>Balance at 1 April 2019</b>		299,488	2,274,026	1,123,825	4,774	6,838,660	10,540,773	1,284,316	11,825,089
Profit for the year		-	-	-	-	891,484	891,484	132,759	1,024,243
Fair value adjustment for financial assets at fair value through OCI	34	-	-	-	(4,701)	-	(4,701)	(1,425)	(6,125)
Re-measurement of defined employment benefit obligations	26(c)	-	-	-	-	(14,891)	(14,891)	-	(14,891)
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	4,515	4,515	-	4,515
Share of other comprehensive income of equity accounted investee, net of tax	18(a)	-	-	-	-	(218)	(218)	-	(218)
<b>Total comprehensive income for the year</b>		-	-	-	(4,701)	880,890	876,189	131,335	1,007,524
Non-controlling interests on acquisition of subsidiary		-	-	-	-	-	-	304,780	304,780
Transfer from revaluation reserve net of tax	32(a)	-	(3,282)	-	-	3,282	-	-	-
Dividends	11	-	-	-	-	(179,681)	(179,681)	(24,252)	(203,933)
<b>Balance as at 31 March 2020</b>		299,488	2,270,744	1,123,825	73	7,543,151	11,237,281	1,696,178	12,933,459
<b>Balance at 1 April 2020</b>		299,488	2,270,744	1,123,825	73	7,543,151	11,237,281	1,696,178	12,933,459
Profit for the year		-	-	-	-	1,551,156	1,551,156	202,565	1,753,722
Fair value adjustment for financial assets at fair value through OCI	34	-	-	-	20,984	-	20,984	9,254	30,238
Re-measurement of defined employment benefit obligations	26(c)	-	-	-	-	1,972	1,972	-	1,972
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	67	67	-	67
Gain on revaluation of Land and Buildings		-	774,020	-	-	-	774,020	68,236	842,255
Deferred tax on revaluation surplus	27(b)	-	(139,324)	-	-	-	(139,324)	-	(139,324)
Tax impact on effect of change in tax rates	27(b)	-	66,955	-	-	-	66,955	-	66,955
Share of other comprehensive income of equity accounted investee, net of tax	18(a)	-	-	-	-	(495)	(495)	-	(495)
<b>Total comprehensive income for the year</b>		-	701,651	-	20,984	1,552,701	2,275,335	280,055	2,555,390
Transfer from revaluation reserve net of tax	32(a)	-	(3,738)	-	-	3,738	-	-	-
Dividends	11	-	-	-	-	(179,681)	(179,681)	(29,099)	(208,780)
<b>Balance as at 31 March 2021</b>		299,488	2,968,657	1,123,825	21,057	8,919,908	13,332,935	1,947,135	15,280,070

The notes on pages 70 to 129 form an integral part of these financial statements.

Independent auditor's report - pages 59 - 63

# STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital	Capital reserve	General reserve	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
<b>Balance at 1 April 2019</b>		299,488	1,002,568	680,266	881	3,550,934	5,534,137
Profit for the year		-	-	-	-	344,928	344,928
Fair value adjustment for financial assets at fair value through OCI	34	-	-	-	(2,032)	-	(2,032)
Re-measurements of defined employment benefit obligations	26(c)	-	-	-	-	(14,170)	(14,170)
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	3,968	3,968
<b>Total comprehensive income for the year</b>		-	-	-	(2,032)	334,726	332,694
Dividends	11	-	-	-	-	(179,681)	(179,681)
<b>Balance as at 31 March 2020</b>		299,488	1,002,568	680,266	(1,151)	3,705,979	5,687,150
<b>Balance at 1 April 2020</b>		299,488	1,002,568	680,266	(1,151)	3,705,979	5,687,150
Profit for the year		-	-	-	-	602,880	602,880
Fair value adjustment for financial assets at fair value through OCI	34	-	-	-	3,647	-	3,647
Re-measurements of defined employment benefit obligations	26(c)	-	-	-	-	30,638	30,638
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	(5,515)	(5,515)
Gain on revaluation of Land and Buildings		-	300,231	-	-	-	300,231
Tax impact on effect of change in tax rates	27(b)	-	169,926	-	-	-	169,926
Deferred tax on revaluation surplus	27(b)	-	(54,041)	-	-	-	(54,041)
<b>Total comprehensive income for the year</b>		-	416,115	-	3,647	628,004	1,047,766
Dividends	11	-	-	-	-	(179,681)	(179,681)
<b>Balance as at 31 March 2021</b>		299,488	1,418,683	680,266	2,496	4,154,302	6,555,235

The notes on pages 70 to 129 form an integral part of these financial statements.

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# STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2021	2020	2021	2020
<b>Cash flows from operating activities</b>					
Cash generated from / (used in) operations	35	4,162,644	1,355,900	464,581	1,800,099
Interest paid	8	(569,504)	(723,618)	(298,492)	(299,902)
Defined benefit obligations paid	26	(37,789)	(30,166)	(23,135)	(12,162)
Income tax paid less refund received		(224,921)	(404,192)	(78,342)	(152,920)
<b>Net cash generated from operating activities</b>		<b>3,330,430</b>	<b>197,924</b>	<b>64,612</b>	<b>1,335,115</b>
<b>Cash flows from investing activities</b>					
Interest received	8	92,030	168,505	19,601	65,266
Purchase of property, plant and equipment	12	(201,013)	(67,554)	(19,537)	(25,880)
Purchase of intangible assets	15	(6,928)	-	-	-
Cost incurred on capital work in progress	13	(212,610)	(12,527)	(109,611)	(4,684)
Dividend received	5	973	1,108	194,329	104,951
Investments in financial assets at fair value through OCI	19	(72,076)	-	-	-
Refund from / (Payment for) acquisition of subsidiary	17	19,574	(503,453)	19,574	(398,970)
Proceeds from disposal of property, plant and equipment	5	3,851	52	3,118	-
<b>Net cash used in investing activities</b>		<b>(376,200)</b>	<b>(413,870)</b>	<b>107,474</b>	<b>(259,317)</b>
<b>Cash flows from financing activities</b>					
Long-term borrowings net of payments	24	(35,543)	698,318	(169,347)	870,325
Short-term borrowings net of payments	24	(1,670,239)	(803,050)	455,210	(1,593,977)
Principal elements of lease payments	16	(4,891)	(4,614)	(1,260)	(983)
Dividend paid by the Company	11	(179,681)	(179,681)	(179,681)	(179,681)
Dividend paid by subsidiary to non-controlling interests		(29,099)	(24,252)	-	-
<b>Net cash (used in) / generated from financing activities</b>		<b>(1,919,453)</b>	<b>(313,278)</b>	<b>104,922</b>	<b>(904,316)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,034,778</b>	<b>(529,224)</b>	<b>277,008</b>	<b>171,482</b>
Cash and cash equivalents at the beginning of the year		1,332,868	1,862,092	314,648	143,166
<b>Cash and cash equivalents at the end of the year</b>	22	<b>2,367,646</b>	<b>1,332,868</b>	<b>591,657</b>	<b>314,648</b>

The notes on pages 70 to 129 form an integral part of these financial statements.  
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# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 1 General Information

General Information of the Company;

ACL Cables PLC is a public limited liability company registered under the Companies Act, No. 7 of 2007. ACL Cables PLC was incorporated on 1 March 1962 under the Companies Ordinance No. 51 of 1938 as Associated Cables Ltd and on 8 January 1991 the name was changed to ACL Cables Limited.

ACL Cables PLC is a Public Limited Liability Company listed on the Colombo Stock Exchange and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is located at No. 60, Rodney Street, Colombo 08.

### 1.1 Principal Activities and Nature of Operations

The principal activities of ACL Cables PLC are manufacturing cables and conductors.

General Information of the entities in the Group;

Company	Date of Incorporation	Principal Activity
Kelani Cables PLC	18.12.1972	Manufacturing and selling of Power Cables, Telecommunication Cables and Enameled Winding Wires
ACL Plastics PLC	17.07.1991	Manufacturing Cable grade PVC Compound
Ceylon Bulbs & Electricals Ltd	16.10.1957	Dormant
Lanka Olex Cables (Pvt) Ltd	22.02.1993	Investing Company
ACL Kelani Magnet Wire (Pvt) Ltd	29.06.2000	Dormant
ACL Polymers (Pvt) Ltd	06.09.2005	Dormant
ACL Metals & Alloys (Pvt) Ltd	05.09.2005	Manufacturing and Selling Aluminium rods, Alloys of Aluminium and Other Metals
Ceylon Copper (Pvt) Ltd	17.06.2011	Manufacturing of copper rods, bus bars, strips, profiles, catenary wires and tubes for local and export market
ACL Electric (Pvt) Ltd	08.11.2012	Manufacturing of electrical accessories
RESUS Energy PLC	11.06.2003	Power and energy Generation
Cable Solutions (Pvt) Ltd	25.02.2008	Manufacturing of cables and accessories

### 1.2 Approval of Financial Statements by the Board of Directors

The Company's and the Group's financial statements were authorised for issue by the Board of Directors on 30 September 2021.

## 2 Basis of preparation and summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRSs), Sri Lanka Accounting Standards (LKASs), relevant interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC). Sri Lanka Accounting Standards further comprises of

Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value and revaluation of Land & Buildings and Investment properties. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in note 2.5 to the financial statements.

#### Impact of COVID-19

In determining the basis of preparing the financial statements for the year ended 31 March 2021, based on available information, the management has assessed the existing and anticipated effects



of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis.

In March 2021, the Group evaluated the resilience of its businesses considering cost management, profitability, liquidity, recovery of receivables, the ability to defer nonessential capital expenditure, debt repayment, cash reserves, availability of sources of financing facilities and the ability to continue providing services to ensure businesses continue as minimum disruption.

Having presented the outlook for each company in the group to the Board of ACL Cables PLC, the Directors are satisfied that the Company, its subsidiaries and the associate have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgements, estimates and assumptions the impact of the COVID-19 pandemic has been considered as of reporting date and specific considerations have been disclosed under the relevant notes.

### **Amendments to the Sri Lanka Accounting Standards**

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Group's financial statements have been adopted by the Group (a) new standards and amendments that are effective for the first time for periods commencing on or after 01 January 2020 and (b) forthcoming requirements, being standards and amendments that will become effective on or after 01 January 2021.

(a) **New standards and amendments applicable from 01 April 2020**

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020:

- i) Definition of material – Amendments to LKAS 1 and LKAS 8
- ii) Definition of a business – Amendments to SLFRS 3
- iii) Revised conceptual framework for financial reporting
- iv) Covid-19-related rent concessions – Amendments to SLFRS 16

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

i) **Definition of material – Amendments to LKAS 1 and LKAS 8**

The amendments to LKAS 1, Presentation of Financial Statements and LKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout Sri Lanka Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in LKAS 1 about immaterial information.

In particular, the amendments clarify:

- a) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- b) the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need

This amendment is effective for the annual periods beginning on or after 1 January 2020.

ii) **Definition of a business – Amendments to SLFRS 3**

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

This amendment is effective for the annual periods beginning on or after 1 January 2020.

iii) **Revised conceptual framework for financial reporting**

The revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

- a) increasing the prominence of stewardship in the objective of financial reporting
- b) reinstating prudence as a component of neutrality
- c) defining a reporting entity, which may be a legal entity, or a portion of an entity
- d) revising the definitions of an asset and a liability
- e) removing the probability threshold for recognition and adding guidance on derecognition
- f) adding guidance on different measurement basis, and
- g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

This amendment is effective for the annual periods beginning on or after 1 January 2020.

#### iv) COVID-19-related rent concessions – Amendments to SLFRS 16

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. According to the amendment to SLFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

This amendment is effective for the annual periods beginning on or after 01 June 2020.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### i) Classification of liabilities as current or non-current – Amendments to LKAS 1

The narrow-scope amendments to LKAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (Eg: the receipt of a waiver or a breach of covenant). The amendments also clarify what LKAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

#### ii) Property, plant and equipment: Proceeds before intended use – Amendments to LKAS 16

The amendment to IAS 16 - Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

- iii) **Reference to the conceptual framework – Amendments to SLFRS 3**
- Minor amendments were made to SLFRS 3 - Business Combinations to update the references to the conceptual framework for financial reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of LKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

- iv) **Annual improvements to SLFRS Standards 2018–2020**

The following improvements were finalised in May 2020:

- SLFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- SLFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- SLFRS 1- First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

This amendment is effective for the annual periods beginning on or after 1 January 2022.

## 2.2 Consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent and its subsidiaries in terms of the Sri Lanka Accounting Standard - SLFRS 10 on “Consolidated Financial Statements”. Thus, the consolidated financial statements present financial information about the Group as a single economic entity distinguishing the equity attributable to minority shareholders with non - controlling interest.

- (a) **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Transaction costs are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

**(b) Non - Controlling Interest (NCI)**

Non - Controlling Interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Consolidated Statement of profit or loss and Statement of Comprehensive income and as a component of equity in the Consolidated Statement of financial position, separately from equity attributable to the shareholders of the parent.

**(c) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**(d) Disposal of subsidiaries**

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**(e) Associates**

Associates are companies, partnerships or other entities in which the Group exercises significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is power to participate in financial and operating policy decisions of the associates, but not power to exercise control or jointly control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased

or decreased to recognise the Group's share of the post-acquisition results and changes of the associate's reserves in the consolidated statement of comprehensive income after the date of acquisition and net off with any accumulated impairment loss, if any. The Group's investment in associates includes goodwill identified on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Profits and losses resulting from transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Equity accounting is discontinued when the Group ceases to have significant influence over the associates. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income in the consolidated statement of comprehensive income is reclassified to profit or loss in the consolidated statement of comprehensive income where appropriate. The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured. Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of comprehensive income. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference in the consolidated statement of comprehensive income.

(f) **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary..

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial

liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

## **2.3 Foreign currencies**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('The functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's and the Group's functional and presentation currency.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'Finance income or cost'.

## **2.4 Statement of compliance**

The Consolidated Financial Statements of the Group and Separate Financial Statements of the Company comprise of the Statement of financial position, Statement of profit or loss, Statement of Other Comprehensive income, Statement of changes in equity, Statement of cashflows and notes thereto have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of the Companies Act, No.07 of 2007.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 2.5 Significant accounting judgements, estimates and assumptions

'The Group's financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

'The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with SLFRS are best estimates undertaken in accordance with the applicable standards.

'Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

### (a) Impairment of financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

'When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group 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 Group's historical experience and informed credit assessment and including forward- looking information.

### (b) Fair value of financial instruments

'The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

### (c) Fair value of property, plant and equipment

'The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

### (d) Deferred tax assets

'Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

### (e) Income tax

'The Group is subject to income taxes and other taxes. Significant judgement was required to determine the total provision for current, deferred and other taxes.

### (f) Useful life-time of the property, plant and equipment

'The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management estimates these values, rates, methods and hence they are subject to uncertainty.

### (g) Useful life-time of the intangible assets

#### Goodwill

'Goodwill on acquisitions of subsidiaries is included under intangible assets. Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and carried at less than costs less accumulated impairment losses.

#### Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 2 years.

(h) **Defined benefit plans**  
The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, etc. All assumptions are reviewed at each reporting date.

(i) **Fair value of investment property**  
The fair value of investment properties are determined by using valuation techniques. Further details of judgments and assumptions are noted in note 14.

## 2.6 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

## 2.7 Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations.

## 2.8 Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except

where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority.

## 2.9 Financial Instruments - Initial Recognition and Subsequent Measurement

### 2.9.1 Financial Assets - Initial Recognition and Measurement

Financial assets within the scope of SLFRS 9 are broadly categorised as financial assets at amortised cost, fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus ( in the case of assets not at fair value through profit or loss) directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e, the date that Company commits to purchase or sell the asset.

The Company's financial assets include bank balances, short term deposits and fair value through other comprehensive income (FVOCI) financial assets.

### 2.9.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows;

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## (a) Debt Instruments at Amortized cost

The Company measures financial assets at amortised cost if both of the following conditions are met;

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes bank balances and short term deposits under current financial assets.

## (b) Financial Assets classified under Fair Value through Other Comprehensive Income

Financial assets at fair value through other comprehensive income (FVOCI) only includes the equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to classify upon transition. There is no recycling of gains or losses to profit or loss on derecognition and the dividend received as a result of holding this investment will be recognised to profit or loss.

### 2.9.3 De - recognition

A financial asset is de - recognised when;

- The rights to receive cash flows from the asset have expired
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ' pass - through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered in to a

pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

### 2.9.4 Impairment of financial assets

SLFRS 9 establishes a new model for impairment which is a forward - looking expected credit loss model.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. The guiding principle of the Expected Credit Loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition.

### 2.9.5 Financial Assets categorized as Fair Value through OCI

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined based on income approach that estimates the fair value by discounting projected cash flows in a discrete projection period to present value.

### 2.9.6 Financial Liabilities - Initial Recognition and Measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Company's financial liabilities include other payables.

### 2.9.7 Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows;

#### Other Payables

Liabilities are recognised for amounts to be paid in the future for assets or services received, whether billed by the supplier or not. The financial liabilities are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.



### 2.9.8 De - recognition

A financial liability is derognised when the obligation under the liability is discharged or cancelled, or expires.

### 2.9.9 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.10 Property, plant and equipment

Property, plant and equipment of the Company includes both owned assets and leased hold assets. Accounting policy for owned assets is detailed below and accounting policy for leased hold assets is detailed in Note 2.12.

#### 2.10.1 Initial recognition

Owned assets

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on property, plant and equipment. Initially property, plant and equipment are measured at cost excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Where an item of property, plant & equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant & equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will now to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued

carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

#### 2.10.2 Subsequent measurement

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

Depreciation is calculated on a straight line basis over the useful lives of the assets using the following rates.

Asset	Years
Factory buildings	25 - 40
Plant, machinery and accessories	8 - 45
Factory equipment	8 - 10
Electrical fittings	8 - 10
Furniture, fixtures and fittings	4 - 10
Office equipment	4 - 10
Motor vehicles	4 - 5
Tools and implements	4 - 10

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate.

#### 2.10.3 Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit or loss when the asset is derecognised.

#### 2.10.4 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work in

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

Progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. (i.e., available for use)

## 2.11 Intangible assets

Basis of Recognition

An intangible asset is recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included under intangible assets. Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and carried at less than costs less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Negative goodwill is recognized immediately in the Statement of profit or loss.

Goodwill is allocated to 'Cash-Generating Units' (CGU) for the purpose of impairment testing. Each CGU or a group of CGUs represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination.

### (b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs

beyond one year, are recognised as intangible assets. These directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 2 years.

Costs relating to development of software are carried in capital work in progress until the software is available for use.

Other development expenditures that do not meet the relevant criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## 2.12 Leases

The Group's lease hold property includes land and buildings. Rental contract is typically made as per the initial rental or lease agreement, but may have extension options as described in 2.12 (ii) below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and nonlease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under

residual value guarantees

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is

depreciated over the underlying asset's useful life.

(i) **Variable lease payments**

Some leases contain variable payments that are linked to the usage / performance of the leased asset. Such payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

(ii) **Extension and termination options**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. If there is a significant event or significant change in circumstances within control, the Group reassesses whether it is reasonably certain to exercise the options.

## **2.13 Investment properties**

Properties held to earn rental income or properties held for capital appreciation or both and not occupied substantially for the supply of goods or services or in administration, and not intended for sale in the ordinary course of business have been classified as investment property. Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflects market conditions as at balance sheet date.

Gains or losses arising from changes in fair value are included in the Statement of profit or loss in the year in which they arise.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the Statement of profit or loss in the year of retirement or disposal.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

Where the Group occupies a significant portion of the investment property, such investment properties are treated as property, plant and equipment in the financial statements and accounted for as per LKAS - 16, Property, plant and equipment.

## 2.14 Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognised to the extent of the carrying amount had no impairment losses been recognised previously.

For goodwill, recoverable amount is estimated at each balance sheet date or as and when an indication of impairment is identified.

Impairment losses are recognised in respect of subsidiaries acquired, are allocated first to reduce the carrying amount of any goodwill allocated to the entity and then to reduce the carrying amount of the other assets in the entity on a pro rata basis. Impairment losses are recognised in the Statement of profit or loss.

## 2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks other short term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents includes, cash in hand and investments with original maturities of three months or less net of outstanding bank overdrafts.

## 2.16 Investments in subsidiaries in separate Financial statements

In the Company's financial statements, investments in subsidiaries have been accounted for at cost, net of any impairment losses which are charged to the Statement of profit or loss. Income from these investments is recognised only to the extent of dividends received.

## 2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of the inventory comprises purchase price, taxes (other than those subsequently recoverable by the Group from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of Inventories. It excludes the borrowing costs. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

## 2.18 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

### **2.19 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

### **2.20 Trade and other payables**

Liabilities classified as trade and other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **2.21 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the

effect of the time value of money is material, 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 where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as an interest expense.

### **2.22 Defined benefit plans - gratuity**

All the employees of the Group are eligible for gratuity under the Gratuity Act No. 12 of 1983. The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method. The actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Accordingly, the employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial & Management Consultants (Pvt) Ltd.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to comprehensive income in the year in which they arise.

Past service costs are recognised immediately in income, unless the change to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortised on straight line basis over the vesting period.

The liability is not externally funded.

### **2.23 Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund**

Employees are eligible for Employees' Provident Fund contribution and Employees Trust Fund contribution in line with respective statutes and regulations. The company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

### **2.24 Contingent assets and contingent liabilities**

All contingent assets are disclosed where inflow of economic benefits is probable.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 2.25 Revenue recognition

"Revenue from contracts with customers", establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises when a customer obtains control of the goods or services. Judgement is used to determine the timing of transfer of control - at a point in time or over time.

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales Taxes) and variable consideration (e.g. discounts and rebates). Credit term provided for the customer is on average 30 days from the sale of goods.

## 2.26 Other income

Interest income is recognised on an accrual basis. Dividend income is recognised when the shareholder's right to receive the payment is established.

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the Statement of profit or loss, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material are aggregated, reported and presented on a net basis.

Other income is recognised on an accrual basis.

## 2.27 Expenditure recognition

Expenses are recognised in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of profit or loss.

## 2.28 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

## 2.29 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## 2.30 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business / industry segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The segment information has been prepared in accordance with the accounting policies adopted for preparing and presenting the financial statements.

## 2.31 Earnings per share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

## 2.32 Statement of cash flows

The statement of cash flows is prepared using the indirect method as stipulated in LKAS 7 Statement of Cash Flows. Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, balances at banks, short term deposits with a maturity of three months or less net of outstanding bank overdrafts, if any.

## 2.33 Directors' responsibilities statement

Directors acknowledge the responsibilities for the true and fair presentation of the financial statements in accordance with the books of accounts and the Sri Lanka Accounting Standards and the requirements of the Companies Act No. 7 of 2007.

## 2.34 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

## 2.35 Materiality and aggregation

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

### 3 Financial risk management

#### 3.1 Financial risk factors

The Board of Directors of the Company regularly reviews its exposure to various kinds of risk factors with the ultimate objective to deliver superior shareholder value between risk and return. The Board oversees market risk, operational risk, credit risk and liquidity risk giving special consideration in broader aspects to the Company's exposure to interest rate fluctuations and exchange rate fluctuations in the market. Based on the economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

The Company's principal financial liabilities comprise short term borrowings, trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has various financial assets such as trade and other receivables, other investments, loans and cash balances, which arise directly and indirectly from its operations.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

(a) **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's profit or equity. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

(i) **Foreign exchange risk**

The Company is exposed to currency risk on goods sold and raw materials imported that are denominated in currencies other than Sri Lankan rupees (LKR). The Company manages its currency risk by a natural hedging mechanism to a certain extent by matching currency outflows for repayments on raw material imported with currency inflows for goods sold in foreign currencies.

Group	31 March			
	2021		2020	
	USD	LKR	USD	LKR
Trade receivables	3,665	652,425	3,418	608,396
Trade payables	20,023	3,564,021	495	88,120
Cash in bank	9,418	1,676,376	8,529	1,518,215

Company	31 March			
	2021		2020	
	USD	LKR	USD	LKR
Trade receivables	1,635	290,955	1,165	207,370
Trade payables	11,880	2,114,691	3,216	572,448
Cash in bank	1,126	200,368	4,519	804,382

#### Impact of COVID-19

The Sri Lankan Rupee witnessed a sharp depreciation against the US Dollar in March 2021 on the back of economic turmoil in global, regional and local markets resulting from the COVID-19 pandemic. The Group companies exposed to foreign currency denominated payments are adversely impacted to undue fluctuations in exchange rates.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

Amounts recognised in profit or loss and other comprehensive income.

During the year, the following foreign-exchange related amounts were recognised in Statement of profit or loss and other comprehensive income:

	Group		Company	
	31 March	2020	31 March	2020
	2021	2020	2021	2020
Amounts recognised in profit or loss				
Foreign exchange gain included in finance cost	(22,326)	(44,261)	-	(35,991)
Foreign exchange loss included in finance cost	153,309	43,739	121,488	29,421
Total net foreign exchange (losses)/gains recognised in profit before income tax for the period	130,983	(523)	121,488	(6,570)

As shown in the table above, the company is primarily exposed to changes in US/(presentation currency units) exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar denominated financial instruments arises from foreign forward exchange contracts designated as cash flow hedges.

Group	Impact on post tax profit	
	2021	2020
US exchange rate – change by 10%	(140,204)	239,452

Company	Impact on post tax profit	
	2021	2020
US exchange rate – change by 10%	(184,261)	171,289

(ii) Interest rate risk

Interest rate risk mainly arises as a result of the Group having interest sensitive assets and liabilities, which are directly, impacted by changes in the interest rates. The Group's borrowings and investments are maintained in a mix of fixed and variable interest rate instruments and periodical maturity gap analysis is carried out to take timely action and to mitigate possible adverse impact due to volatility of the interest rates.

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.



### Impact of COVID-19

The global outbreak of the novel COVID-19 epidemic has resulted in consecutive reductions in policy rates and monetary easing policies by CBSL to encourage banks and finance companies to reduce lending rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax.

Group	Impact on profit	
	2021	2020
Interest rates – increase by 1%	(4,116)	(6,751)
Interest rates – decrease by 1%	4,116	6,751

Company	Impact on profit	
	2021	2020
Interest rates – increase by 1%	(1,756)	(2,689)
Interest rates – decrease by 1%	1,756	2,689

### (iii) Price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increase shown.

Group	Change in equity price	Effect on profit	Effect on equity
31 March 2021	10%	-	46,988
31 March 2020	10%	-	36,757

Company	Change in equity price	Effect on profit	Effect on equity
31 March 2021	10%	-	1,233
31 March 2020	10%	-	868

The Group also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the income statement will be impacted.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## (b) Credit risk

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

### Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 March 2021 and 31 March 2020 was determined as follows for trade receivables.

### Group

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	More than 360 days past due	Total
<b>31 March 2021</b>						
Expected loss rate	6.05%	4.93%	3.91%	13.62%	41.52%	
Trade receivables considered for collective provision	3,319,532	1,644,534	921,876	284,746	868,009	7,038,696
<b>Loss Allowance</b>	<b>200,850</b>	<b>81,136</b>	<b>36,011</b>	<b>38,782</b>	<b>360,422</b>	<b>717,201</b>
<b>31 March 2020</b>						
Expected loss rate	1.73%	3.24%	4.59%	17.67%	21.85%	
Trade receivables considered for collective provision	1,394,200	1,247,540	1,462,819	383,103	556,443	5,044,105
<b>Loss Allowance</b>	<b>24,105</b>	<b>40,363</b>	<b>67,188</b>	<b>67,711</b>	<b>121,606</b>	<b>320,973</b>

## Company

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	More than 360 days past due	Total
<b>31 March 2021</b>						
Expected loss rate	8.01%	8.16%	8.57%	13.34%	17.73%	
Trade receivables considered for collective provision	2,327,842	833,639	181,706	189,114	591,465	4,123,766
<b>Loss Allowance</b>	<b>186,430</b>	<b>67,986</b>	<b>15,572</b>	<b>25,236</b>	<b>105,018</b>	<b>400,242</b>
<b>31 March 2020</b>						
Expected loss rate	0.78%	0.92%	1.41%	4.67%	9.99%	
Trade receivables considered for collective provision	1,184,607	808,606	895,577	103,324	483,074	3,475,188
<b>Loss Allowance</b>	<b>9,213</b>	<b>7,399</b>	<b>12,631</b>	<b>4,821</b>	<b>48,237</b>	<b>82,301</b>

The loss allowances for trade receivables as at 31 March reconcile to the opening loss allowances as follows:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Opening loss allowance at 1 April	647,865	537,598	275,242	196,926
Increase in loss allowance recognised in profit or loss during the year				
- as per collective impairment provision	105,770	57,963	125,000	53,598
- as per individual impairment provision	-	52,748	-	24,719
<b>Closing loss allowance at 31 March</b>	<b>753,635</b>	<b>648,309</b>	<b>400,242</b>	<b>275,242</b>

Trade receivables are written off where there is no reasonable expectation of recovery. 'Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk 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 and is to maintain a balance between continuity of funding and flexibility through the use of borrowings and bank overdrafts.

### Impact of COVID-19

The Group considered that cash flow scrutiny is of paramount importance and has adopted a disciplined approach across the group including tightening of controls over spending cash, and preserving and increasing liquidity, particularly on account of the impact of COVID-19.

The table below summarises the maturity profiles of the Group's financial liabilities based on contractual undiscounted payments.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

Analysis of financial assets and liabilities by remaining contractual maturities

Group At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	6,528,799	-	-	-	6,528,799
Borrowings	2,591,616	265,808	829,093	-	3,686,517
Lease liabilities	5,475	5,283	23,726	-	34,484
Bank overdrafts	162,742	-	-	-	162,742
<b>Total financial liabilities</b>	<b>9,288,632</b>	<b>271,091</b>	<b>852,820</b>	<b>-</b>	<b>10,412,542</b>

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Trade & other payables (excluding statutory liabilities)					
	2,727,301	-	-	-	2,727,301
Borrowings	4,261,855	258,472	871,973	-	5,392,300
Lease liabilities	6,125	6,338	23,726	-	36,189
Bank overdrafts	928,888	-	-	-	928,888
<b>Total financial liabilities</b>	<b>7,924,169</b>	<b>264,809</b>	<b>895,699</b>	<b>-</b>	<b>9,084,678</b>

Company At 31 March 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	4,550,239	-	-	-	4,550,239
Borrowings	1,230,538	180,004	533,330	-	1,943,872
Lease liabilities	1,080	24	168	10,485	11,757
Bank overdrafts	1,523	-	-	-	1,523
<b>Total financial liabilities</b>	<b>5,783,380</b>	<b>180,028</b>	<b>533,498</b>	<b>10,485</b>	<b>6,507,391</b>

At 31 March 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Trade & other payables (excluding statutory liabilities)					
	3,629,808	-	-	-	3,629,808
Borrowings	775,328	180,000	702,681	-	1,658,009
Lease liabilities	1,730	1,079	168	10,506	13,482
Bank overdrafts	641,169	-	-	-	641,169
<b>Total financial liabilities</b>	<b>5,048,035</b>	<b>181,079</b>	<b>702,849</b>	<b>10,506</b>	<b>5,942,468</b>

### 3.2 Capital risk management

Capital comprises of equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2021.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings.

#### Borrowings

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Total borrowings (Note 24)	3,849,259	6,321,188	1,945,395	2,299,178
Lease liabilities (Note 16)	34,484	36,189	11,757	13,482
Less : Cash and cash equivalents (Note 22)	(2,530,387)	(2,261,756)	(593,180)	(955,817)
<b>Net debt</b>	<b>1,353,356</b>	<b>4,095,621</b>	<b>1,363,972</b>	<b>1,356,843</b>
Total equity	15,280,070	12,933,459	6,555,235	5,687,150
<b>Total capital</b>	<b>16,633,426</b>	<b>17,031,111</b>	<b>7,919,207</b>	<b>7,043,993</b>
<b>Gearing ratio</b>	<b>8.14%</b>	<b>24.05%</b>	<b>17.22%</b>	<b>19.26%</b>

The decrease in the gearing ratio during the year 2021 resulted primarily from the increase of the profit and decrease of borrowings during the year.

### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value.

As at 31 March 2021	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>								
Financial assets at fair value through OCI (Note 19)	55,714	-	414,171	469,885	12,328	-	-	12,328
	55,714	-	414,171	469,885	12,328	-	-	12,328
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

As at 31 March 2020	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
<b>Assets</b>								
Financial assets at fair value through OCI (Note 19)	-	25,474	342,096	367,570	-	8,681	-	8,681
	-	25,474	342,096	367,570	-	8,681	-	8,681
<b>Liabilities</b>								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

The carrying amounts of the above assets are considered to be the same as their fair value.

(a) **Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity instruments classified as trading securities or available-for-sale.

(b) **Financial instruments in Level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

(c) **Financial instruments in Level 3**

The input that are unobservable. This category includes all the instruments for which valuation techniques includes input not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**Impact of COVID-19**

At the end of the current financial year, last trading prices of Financial assets at fair value through OCI were considered as level 2 inputs due to un-availability of an active and orderly market.

## 4 Revenue from contracts with customers

	Group		Company	
	31 March 2021	2020	31 March 2021	2020
<b>Geographical segment turnover</b>				
Local	18,644,604	15,104,473	11,432,930	9,119,065
Export	3,974,519	3,577,781	1,719,421	1,969,098
<b>Net revenue</b>	<b>22,619,123</b>	<b>18,682,254</b>	<b>13,152,351</b>	<b>11,088,164</b>

## 5 Other income

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Dividend income	973	1,108	194,329	104,951
Profit on disposal of property, plant and equipment	3,851	52	3,118	-
Gain from fair valuation adjustment to investment property (Note 14)	363,050	129,000	18,550	118,000
Sundry income	56,968	30,546	10,950	8,954
	424,842	160,706	226,948	231,905

Sundry income of both Group and Company includes solar power project income, write back of unclaimed credit balances of trade receivables and sale of scrap.

## 6 Expenses by nature

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Directors emoluments [Note 37.13(f)]	88,120	83,215	67,950	64,480
Auditors remuneration	3,366	3,186	631	751
Legal fees	2,548	2,052	1,946	1,031
Depreciation on property, plant and equipment (Note 12)	352,087	291,756	137,347	142,059
Depreciation of right-of-use assets (Note 16)	6,917	7,017	1,588	1,699
Amortization charge on intangible assets (Note 15)	202	99	99	99
Cost of raw material consumed	17,561,092	14,057,554	10,786,868	9,029,392
Repairs and maintenance	109,320	122,768	78,974	88,985
Donations	957	5,298	917	5,216
Staff costs (Note 7)	1,808,095	1,624,230	815,739	812,881
Write down of inventories to net realizable value [Note 20(a)]	(1,481)	22,749	-	12,168
Other expenses	801,010	822,230	448,943	492,983
<b>Total cost of sales, distribution costs and administrative costs</b>	<b>20,732,232</b>	<b>17,042,154</b>	<b>12,341,001</b>	<b>10,651,744</b>
Classified as:				
Cost of sale of goods	18,778,957	15,358,937	11,571,715	9,909,424
Distribution costs	1,318,652	1,117,080	595,016	529,751
Administrative costs	634,623	566,137	174,270	212,569
<b>Total</b>	<b>20,732,232</b>	<b>17,042,154</b>	<b>12,341,001</b>	<b>10,651,744</b>

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 7 Staff costs

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Salaries, wages and related costs	1,596,611	1,447,249	711,296	716,759
Defined contribution plan	135,558	113,916	64,543	60,255
Defined benefit plan [Note 26(b)]	75,926	63,065	39,900	35,867
	1,808,095	1,624,230	815,739	812,881
Average number of employees during the year	1,641	1,566	643	630

## 8 Finance costs - net

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Finance income:				
Interest income	(69,703)	(124,244)	(19,601)	(29,276)
Exchange gain	(22,326)	(44,261)	-	(35,991)
Finance income	(92,030)	(168,505)	(19,601)	(65,266)
Finance costs:				
Interest on bank borrowings, concern loans and current accounts	411,559	675,072	175,644	268,947
Interest on right-of-use lease liabilities (Note 16)	4,635	4,808	1,360	1,535
Exchange loss	153,309	43,739	121,488	29,421
Finance costs:	569,504	723,618	298,492	299,902
Finance costs - Net	477,474	555,113	278,891	234,636

## 9 Income tax expenses

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Current tax (Note 25)	302,512	324,706	115,690	90,270
Over provision in respect of prior years	-	(7,572)	-	-
Deferred tax release (Note 27)	(122,949)	(54,768)	40,838	(1,509)
WHT on dividend paid by subsidiaries	8,400	16,384	-	-
	187,963	278,750	156,528	88,761



The tax on the Company's and Group's profit before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the Company and Group as follows :

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Profit before tax	1,941,685	1,302,993	759,408	433,689
Tax calculated at effective tax rate of 18% (2019/20 - 28%)	349,503	364,838	136,693	121,433
Tax effect of income not subject to tax	(37,857)	(37,869)	(41,007)	(63,843)
Tax effect of expenses not deductible	38,827	54,098	47,448	70,071
Tax effect of allowable deductions	(47,960)	(63,933)	(27,444)	(37,392)
WHT on dividend paid by subsidiaries	8,400	16,384	-	-
Deferred tax (reversal) / charge	(122,949)	(54,768)	40,838	(1,509)
Tax charge	187,963	278,750	156,528	88,761

## 10 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares as at end of the year.

	Group 31 March		Company 31 March	
	2021	2020 Restated	2021	2020 Restated
Net profit attributable to equity holders	1,551,156	891,484	602,880	344,927
Weighted average number of ordinary Shares in issue (Note 31)	239,574,720	239,574,720	239,574,720	239,574,720
Basic / Diluted earnings per share (Rs.)	6.47	3.72	2.52	1.44

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect the share split made in 2021 as disclosed in Note 31.

## 11 Dividend per share

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Dividends paid	179,681	179,681	179,681	179,681
Number of ordinary shares in issue (Note 31)	239,574,720	119,787,360	239,574,720	119,787,360
Dividend per share (Rs.)	0.75	1.50	0.75	1.50

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 12 Property, plant and equipment

(a) Group	Land and buildings	Plant, machinery and accessories	Equipment, tools and implements	Furniture, fittings and office equipment	Motor vehicles	Total
<b>At 31 March 2019</b>						
Cost / valuation	3,623,319	2,229,693	178,565	139,762	375,955	6,547,294
Accumulated depreciation	(176,868)	(1,478,410)	(104,780)	(115,260)	(180,886)	(2,056,204)
<b>Net book amount</b>	<b>3,446,451</b>	<b>751,282</b>	<b>73,785</b>	<b>24,502</b>	<b>195,069</b>	<b>4,491,089</b>
<b>Year ended 31 March 2020</b>						
Opening net book amount	3,446,451	751,282	73,785	24,502	195,069	4,491,089
Addition from the acquisition of subsidiary	142,995	248,679	43,842	2,630	2,701	440,847
Additions	-	35,836	9,002	13,930	8,786	67,554
Transfer from work in progress (Note 13)	53,711	-	-	-	-	53,711
Disposals / transfers						
- cost	-	(166,500)	-	-	-	(166,500)
- depreciation	-	166,500	-	-	-	166,500
Depreciation charge (Note 06)	(68,897)	(154,217)	(8,717)	(7,653)	(52,271)	(291,756)
<b>Closing net book amount</b>	<b>3,574,260</b>	<b>881,580</b>	<b>117,912</b>	<b>33,409</b>	<b>154,285</b>	<b>4,761,447</b>
<b>At 31 March 2020</b>						
Cost / valuation	3,839,442	2,386,960	255,060	159,104	391,984	7,032,549
Accumulated depreciation	(265,182)	(1,505,379)	(137,148)	(125,695)	(237,698)	(2,271,102)
<b>Net book amount</b>	<b>3,574,260</b>	<b>881,580</b>	<b>117,912</b>	<b>33,409</b>	<b>154,285</b>	<b>4,761,447</b>
<b>Year ended 31 March 2021</b>						
Opening net book amount	3,574,260	881,580	117,912	33,409	154,285	4,761,447
Additions	2,756	125,974	5,789	14,561	51,934	201,013
Revaluation Surplus	842,255	-	-	-	-	842,255
Transfer from work in progress (Note 13)	458	-	-	-	-	458
Disposals / transfers						
- cost	-	(4,002)	-	(80)	(3,118)	(7,200)
- depreciation	-	709	-	53	3,118	3,879
Depreciation charge (Note 06)	(76,950)	(193,691)	(9,663)	(15,227)	(56,555)	(352,087)
<b>Closing net book amount</b>	<b>4,342,779</b>	<b>810,570</b>	<b>114,037</b>	<b>32,716</b>	<b>149,664</b>	<b>5,449,276</b>
<b>At 31 March 2021</b>						
Cost / valuation	4,684,911	2,508,931	260,849	173,585	440,800	8,069,076
Accumulated depreciation	(342,132)	(1,698,361)	(146,812)	(140,869)	(291,135)	(2,619,310)
<b>Net book amount</b>	<b>4,342,779</b>	<b>810,570</b>	<b>114,037</b>	<b>32,716</b>	<b>149,664</b>	<b>5,449,766</b>

(b) Company	Land and buildings	Plant, machinery and accessories	Equipment, tools and implements	Furniture, fittings and office equipment	Motor vehicles	Total
<b>At 31 March 2019</b>						
Cost / valuation	1,418,355	1,257,601	26,025	81,895	185,485	2,969,361
Accumulated depreciation	(29,993)	(754,088)	(12,868)	(66,542)	(62,636)	(926,127)
<b>Net book amount</b>	<b>1,388,362</b>	<b>503,513</b>	<b>13,157</b>	<b>15,353</b>	<b>122,849</b>	<b>2,043,234</b>
<b>Year ended 31 March 2020</b>						
Opening net book amount	1,388,362	503,513	13,157	15,353	122,849	2,043,234
Revaluation surplus	-	-	-	-	-	-
Additions	-	8,605	-	10,470	6,804	25,880
Depreciation charge (Note 06)	(29,993)	(76,879)	(831)	(5,552)	(28,804)	(142,059)
<b>Closing net book amount</b>	<b>1,358,369</b>	<b>435,239</b>	<b>12,326</b>	<b>20,271</b>	<b>100,850</b>	<b>1,927,055</b>
<b>At 31 March 2020</b>						
Cost / valuation	1,418,355	1,266,206	26,025	92,365	192,289	2,995,241
Accumulated depreciation	(59,986)	(830,967)	(13,699)	(72,094)	(91,440)	(1,068,186)
<b>Net book amount</b>	<b>1,358,369</b>	<b>435,239</b>	<b>12,326</b>	<b>20,271</b>	<b>100,850</b>	<b>1,927,055</b>
<b>Year ended 31 March 2021</b>						
Opening net book amount	1,358,369	435,239	12,326	20,271	100,850	1,927,055
Additions	-	11,033	36	8,468	-	19,537
Disposals / transfers						
- cost	-	-	-	-	(3,118)	(3,118)
- depreciation	-	-	-	-	3,118	3,118
Revaluation surplus	300,231	-	-	-	-	300,231
Depreciation charge (Note 06)	(29,993)	(72,565)	(1,287)	(5,704)	(27,798)	(137,347)
<b>Closing net book amount</b>	<b>1,628,606</b>	<b>373,708</b>	<b>11,075</b>	<b>23,035</b>	<b>73,052</b>	<b>2,109,476</b>
<b>At 31 March 2021</b>						
Cost / valuation	1,628,606	1,277,239	26,061	100,833	189,171	3,221,910
Accumulated depreciation	-	(903,532)	(14,986)	(77,798)	(116,120)	(1,112,434)
<b>Net book amount</b>	<b>1,628,606</b>	<b>373,708</b>	<b>11,075</b>	<b>23,035</b>	<b>73,052</b>	<b>2,109,476</b>

# NOTES TO THE FINANCIAL STATEMENTS

(c) Property, plant and equipment includes assets at valuation as follows.

Assets	Valued on	Name of the valuer	Valued amount
<b>Company</b>			
Land	31 March 2021	Mr J M Senanayaka Bandara	769,791
Buildings	31 March 2021	Mr J M Senanayaka Bandara	858,815
<b>Group</b>			
<b>Land</b>			
ACL Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	769,791
Kelani Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	389,500
ACL Plastics PLC	31 March 2021	Mr J M Senanayaka Bandara	148,000
Ceylon Bulbs and Electricals Limited	31 March 2021	Mr J M Senanayaka Bandara	939,400
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	150,000
Ceylon Copper (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	52,209
ACL Electric (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	25,500
<b>Buildings</b>			
ACL Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	858,815
Kelani Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	334,500
ACL Plastics PLC	31 March 2021	Mr J M Senanayaka Bandara	131,500
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	187,000
ACL Metals & Alloys (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	111,435
Ceylon Copper (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	35,885
ACL Electric (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	68,500

The lands and buildings were last revalued on 31 March 2021 by an Independent Professional Valuer Mr.Senanayake Bandara, a Fellow Member of the Institute of the Valuers of Sri Lanka. Fair value of the land and buildings is determined based on Level 2 and Level 3 inputs respectively.

(d) If revalued assets were stated on the historical cost basis, the amounts would be as follows:

	Valued on	31 March 2021		Net book value
		Cost	Accumulated depreciation	
<b>Company</b>				
Land	31 March 2021	250,972	-	250,972
Building	31 March 2021	214,800	137,683	77,117
<b>Group</b>				
<b>Land</b>				
ACL Cables PLC	31 March 2021	250,972	-	250,972
Kelani Cables PLC	31 March 2021	163,005	-	163,005
ACL Plastics PLC	31 March 2021	7,509	-	7,509
Ceylon Bulbs and Electricals Limited	31 March 2021	296	-	296
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	38,227	-	38,227
Ceylon Copper (Private) Limited	31 March 2021	25,199	-	25,199
ACL Electric (Private) Limited	31 March 2021	16,987	-	16,987
<b>Buildings</b>				
ACL Cables PLC	31 March 2021	214,800	137,683	77,117
Kelani Cables PLC	31 March 2021	72,671	58,762	13,909
ACL Plastics PLC	31 March 2021	41,084	37,208	3,876
Ceylon Bulbs and Electricals Limited	31 March 2021	1,625	1,625	-
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	57,518	36,265	21,253
ACL Metals & Alloys (Private) Limited	31 March 2021	34,141	19,203	14,938
Ceylon Copper (Private) Limited	31 March 2021	15,860	6,327	9,533
ACL Electric (Private) Limited	31 March 2021	43,238	13,485	29,753

(e) The initial cost of fully depreciated property, plant and equipment which are still in use at the balance sheet date are as follows;

	31 March	
	2021	2020
ACL Cables PLC	873,227	855,906
ACL Plastics PLC	84,300	84,269
ACL Polymers (Private) Limited	19,276	19,276
Kelani Cables PLC	406,674	321,224
Ceylon Bulbs & Electricals Limited	14,064	14,064
ACL Kelani Magnet Wire (Private) Limited	102,900	102,900
ACL Metals & Alloys (Private) Limited	81,184	28,750
Cable Solutions (Private) Limited	7,994	7,994

(f) **Impact of COVID-19**

The Group has not determined that there is no requirement to provide for impairment as at the reporting date due to the COVID-19 pandemic as there was no significant change to the revalued carrying amount of land and buildings as at 31 March 2021.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

(f) The Details of Property, Plant & Equipment of the Group which are Stated at Valuation are Indicated Below.

Company	Location	Extent of the Land & Building	Method of valuation and significant unobservable inputs
ACL Cables PLC	ACL Cables Factory Premises, Welithotuwa Road, Off Madapatha Road, Batakettara, Piliyandala.	11A-0R-30.11P 223,094 Sq.ft	Market Comparable method Depreciated replacement cost method
	Part of ACL Cables Factory Premises, Welithotuwa Road, Off Madapatha road, Batakettara, Piliyandala.	1A-2R-26.72P 17,842 Sq.ft	Market Comparable method Depreciated replacement cost method
	Postal No.376/4, (Close to ACL Cables Factory Premises)	1A-1R-7.52P	Market Comparable method Depreciated replacement cost method
	Welithotuwa Road, Off Madapatha Road Batakettara, Piliyandala.	17,110 Sq.ft	Depreciated replacement cost method
	No.60, Rodney Street, Colombo 08	15,288 sq.ft	Depreciated replacement cost method
ACL Electric Pvt Ltd	Factory Premises of ACL Electric Pvt Ltd Padukka Road, Millawa, Moragahahena, Horana	1A-2R-1.6P 14,960 Sq.ft	Market Comparable method
Ceylon Copper Pvt Ltd	Ceylon Copper Pvt Ltd Factory Premises, Welithotuwa Road, Off Madapatha Road, Batakettara, Piliyandala.	3R 38.21P 7,150 Sq.ft	Market Comparable method
ACL Metals and Alloys Pvt Ltd	ACL Metals and Alloys Pvt Ltd Factory Premises, Welithotuwa Road, Off Madapatha Road, Batakettara, Piliyandala.	23,460 Sq.ft	Depreciated replacement cost method
Ceylon Bulbs and Electricals Limited	No.60, Rodney Street, Colombo 08	1A-2R-28.4P	Market Comparable method
ACL Kelani Magnet Pvt Ltd	No.241, Raja Mawatha, Ekala, Ja ela	3A-2R-5P 50,554 Sq.ft	Market Comparable method
ACL Plastics PLC	No 52, 52/1, ACL Plastics factory premises Temple Road, Ekala, Ja ela	3A -0R-34P 36,579 Sq.ft	Market Comparable method Depreciated replacement cost method
	Lot 10, Part of Straatenwyk Estate, Suhada Mawatha, Off Samagi Mawatha, Ekala, Ja ela	0A-0R-20P	Market Comparable method
	Lot 1 - Part of OTS Idama, ACL Staff Quarters, Sand Piper Road, Nivasipura, Ekala - Kurunduwatta Kotugoda, Jaela	0A-0R-10.19P 1,690 Sq.ft	Market Comparable method Depreciated replacement cost method
Kelani Cables PLC	Wewelduwa, Kelaniya	1041.5 Perches 117,107 Sq.ft	Market Comparable method Depreciated replacement cost method
	Land and building situated at Mahena Road, Siyablape South, Siyablape Wewelduwa, Kelaniya	172.8 Perches 35,583 Sq.ft	Market Comparable method Depreciated replacement cost method

Effective date of valuation	Range of estimates for unobservable inputs	Revalued amount of Land & Building (Rs. '000)	Significant unobservable valuation inputs (ranges of each)	Sensitivity of fair value measurement to inputs
31-Mar-21	330,000 Per Perch 2,800 per sq.ft	1,225,606	Land - Price per perch Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	375,000 Per Perch 2,800 per sq.ft	149,000	Land - Price per perch Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	380,000 Per Perch 4,900 per sq.ft 4,900 per sq.ft	117,000	Land - Price per perch Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	7,000 per sq.ft	107,000	Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	16,750,000 Per acre 4,000 per sq.ft	94,000	Land - Price per acre	Positively correlated sensitivity
31-Mar-21	330,000 Per Perch 5,000 per sq.ft	88,094	Land - Price per perch Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	4,750 per sq.ft	111,435	Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	3,250,000 Per Perch	939,000	Land - Price per perch	Positively correlated sensitivity
31-Mar-21	42,500,000 Per Acre 3,500 per sq.ft	337,000	Land - Price per acre	Positively correlated sensitivity
31-Mar-21	41,000,000 Per Acre 3,750 per sq.ft	253,000	Land - Price per acre Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	500,000 Per Perch	10,000	Land - Price per perch	Positively correlated sensitivity
31-Mar-21	575,000 Per Perch 6,250 per Sq.ft	16,500	Land - Price per acre Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	450,000 Per Perch 4,500 per Sq.ft	592,000	Land - Price per acre Building - Price per Sq.ft	Positively correlated sensitivity
31-Mar-21	275,000 Per Perch 3,750 per Sq.ft	132,000	Land - Price per acre Building - Price per Sq.ft	Positively correlated sensitivity

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 13 Capital work in progress

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	32,517	73,701	7,466	2,782
Cost incurred during the year	212,610	12,527	109,611	4,684
Amount transferred to property, plant and equipment (Note 12)	(458)	(53,711)	-	-
Balance at the end of the year	244,669	32,517	117,077	7,466

## 14 Investment property

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	782,000	653,000	476,000	358,000
Fair value gain	363,050	129,000	18,550	118,000
Balance at the end of the year	1,145,050	782,000	494,550	476,000

According to the valuation done by Mr. J. M. S Bandara, qualified independent valuer, the fair value of investment property of Group as at 31 March 2021 is Rs. 1,145 million (March 2020 - Rs. 782 million) and the fair value of investment property of Company is Rs. 494 million (March 2020 - Rs. 476 million).

### (a) Details of land and buildings under investment property

Location	Extent	Carrying value
Kahathuduwa	13A. 0R. 2.5P	164,250
Piliyandala	1A. 0R. 32.8P	82,000
Piliyandala	0A. 0R. 17P	10,300
Piliyandala	2A. 2R. 28.27P	164,500
Kalutara	2A. 3R. 1P	73,500
Total of the Company		494,550
Ekala	13A. 0R. 2P	650,500
Total of the Group		1,145,050

### (b) Amounts recognised in the statement of profit or loss for investment properties.

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Rent income	3,071	3,144	3,071	3,144
Fair value gain recognised in other income	363,050	129,000	18,550	118,000

### (c) Investment Property Fair valuation method used in 2021

Fair value of the investment property is determined based on Level 2 inputs with the exceptions of the investment property situated in Kaluthara where the income approach had been used for which is level 3 input used. Measurement of fair value method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value. Investment property situated in Kaluthara is valued based on rent income generated from the land rented.



ACL Cables PLC

Investment property and method of valuation	Range of estimates for unobservable inputs	Carrying Value before Revaluation of Land	Revalued amount of land	Revaluation gain recognized on land	Significant unobservable valuation inputs (ranges of each property are given in the table above)	Sensitivity of the fair value measurement to inputs
Kahathuduwa - Market comparable method	11A-3R-18P @ Rs.12,500,000/- per acre and 1A-0R-24.5P @ Rs.14,000,000/- per acre	158,000	164,250	6,250	Price per acre of land	Positively correlated sensitivity
Piliyandala - Market comparable method	Rs.425,000/- per perch	80,000	82,000	2,000	Price per perch of land	Positively correlated sensitivity
Piliyandala - Market comparable method	Rs.485,000/- per perch 1,850 per sq.ft	10,000	10,300	300	Price per perch of land	Positively correlated sensitivity
Piliyandala - Market comparable method	Rs.375,000/- per perch	157,500	164,500	7,000	Price per perch of land	Positively correlated sensitivity
Kalutara - Income approach	Monthly rental of Rs. 242,000/-	70,500	73,500	3,000	Rent per month	Positively correlated sensitivity

Kelani Cables PLC

Investment property and method of valuation	Range of estimates for unobservable inputs	Carrying Value before Revaluation of Land	Revalued amount of land	Revaluation gain recognized on land	Significant unobservable valuation inputs (ranges of each property are given in the table above)	Sensitivity of the fair value measurement to inputs
Ekala - Market comparable method	Rs.50,000,000/- per acre	306,000	650,500	344,500	Price per perch of land	Positively correlated sensitivity

(d) Impact of COVID-19

As a result of the COVID-19 outbreak in Sri Lanka during the last part of the quarter ending 31 March 2021, a reassessment of the valuation was obtained by an independent professional valuer (Mr. J.M Senanayaka Bandara) who determined the fair value of investment properties as at 31 March 2021. Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 15 Intangible assets

### (a) Group

Cost	31 March 2021			31 March 2020		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
Balance at the beginning of the year	120,806	38,040	158,846	38,944	38,040	76,984
Additions	-	6,928	6,928	81,862	-	81,862
Balance at the end of the year	120,806	44,968	165,774	120,806	38,040	158,846
Accumulated amortisation						
Balance at the beginning of the year	32,951	37,082	70,033	32,951	36,983	69,634
Amortization charge / Reduction due to decrease in investment value	19,574	202	19,776	-	99	99
Balance at the end of the year	52,525	37,284	89,809	32,951	37,082	69,733
Net book amount	68,281	7,684	75,965	87,855	958	88,813

### (b) Company

Cost	31 March 2021			31 March 2020		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
Balance at the beginning of the year	-	32,217	32,217	-	32,217	32,217
Additions	-	-	-	-	-	-
Balance at the end of the year	-	32,217	32,217	-	32,217	32,217
Accumulated amortisation						
Balance at the beginning of the year	-	31,259	31,259	-	31,160	31,160
Amortization charge	-	99	99	-	99	99
Balance at the end of the year	-	31,358	31,358	-	31,259	31,259
Net book amount	-	859	859	-	958	958

Goodwill arising on consolidation of subsidiaries is as follows;

Year	Subsidiary Company	Goodwill on consolidation
1994/95	ACL Plastics PLC	6,090
1995/96	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	26,035
1997/98	Ceylon Bulbs and Electricals Limited	459
2004/05	ACL Kelani Magnet Wire (Private) Limited	917
2006/07	Ceylon Bulbs and Electricals Limited	5,441
2007/08	Ceylon Bulbs and Electricals Limited	2
2020/21	Cable Solutions (Private) Limited	62,288

Goodwill arising from business combinations after 1 June 2005, is no longer amortised but tested for impairment annually as per SLFRS 3.

### Impairment of goodwill

Goodwill represents the difference between the purchase consideration and the fair value of assets acquired as a result of the acquisition of shares of Subsidiary Companies.

There is no impairment of goodwill as at the reporting date.

Gain on bargain purchase arising on consolidation of subsidiaries is as follows;

Year	Subsidiary Company	Goodwill on consolidation
1998/99	ACL Plastics PLC	5,127
1999/00	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	17,502
1999/00	Ceylon Bulbs and Electricals Limited	2
2009/10	Ceylon Bulbs and Electricals Limited	6,265

Negative goodwill arising from business combinations after 1 June 2005, is no longer amortised but charged to Statement of profit or loss fully in the year of acquisition.

### Impact of Covid-19

Impact of the pandemic on the non-current financial assets have been elaborated in Note 3.

## 16 Leases

This note provides information for leases where the Company is a lessee.

### (i) Amounts recognised in the balance sheet

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Right-of-use assets				
Land	36,586	36,586	10,173	10,455
Buildings	2,618	3,934	998	2,313
	36,556	40,520	11,170	12,769
Lease liabilities				
Current	5,475	6,125	1,080	1,730
Non current	29,009	30,064	10,676	11,752
	34,484	36,189	11,757	13,482

### (ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases

	Group		Company	
	31 March 2021	2020	31 March 2021	2020
Depreciation charge of right-of-use assets (Note 6)				
Land	5,579	5,579	283	283
Buildings	1,338	1,438	1,306	1,416
	6,917	7,017	1,588	1,699
Interest expense (Note 8)	4,635	4,808	1,360	1,535

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

The total cash outflow for leases in 2021 for the Company was Rs. 2,620 (Principal payments - Rs. 1,260, Interest payments - Rs. 1,360). The total cash outflow for leases in 2020 for the Company was Rs. 2,518 (Principal payments - Rs. 983, Interest payments - Rs. 1,535).

The total cash outflow for leases in 2021 for the Group was Rs. 9,422 (Principal payments - Rs. 4,891, Interest payments - Rs. 4,635).

The total cash outflow for leases in 2020 for the Group was Rs. 9,527 (Principal payments - Rs. 4,614, Interest payments - Rs. 4,808).

## (iii) Impact of COVID-19

The Group does not foresee any indications of impairment of right of use assets due to the COVID-19 pandemic since as each business unit is operating under the business continuity plans as per the Group risk management strategy. The Group does not anticipate discontinuation of any right of use assets as at the reporting date and the lease liability is not reassessed as there are no known moratoriums received for the lease payments as of the reporting date.

## 17 Investment in subsidiaries

Company	31 March 2021			31 March 2020		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
<b>Quoted</b>						
ACL Plastics PLC	2,746,969	33,300	699,104	2,746,969	33,300	316,451
Kelani Cables PLC	933,756	10,753	104,347	933,756	10,753	48,555
Total investment in quoted companies		44,053	803,451		44,053	365,006
<b>Unquoted</b>						
Ceylon Bulbs and Electricals Limited	1,051,345	58,515		1,051,345	58,515	
Lanka Olex Cables (Private) Limited						
"A" Class ordinary shares	99			99		
"B" Class ordinary shares	3,065,610	291,180		3,065,610	291,180	
Preference shares	161,818			161,818		
ACL Kelani Magnet Wire (Private) Limited	11,950,000	119,500		11,950,000	119,500	
ACL Metals and Alloys (Private) Limited	2,500,000	25,000		2,500,000	25,000	
Ceylon Copper (Private) Limited	3,000,001	30,000		3,000,001	30,000	
ACL Electric (Private) Limited	10,000,001	100,000		10,000,001	100,000	
Cable Solutions (Private) Limited	581,400	379,396		581,400	398,970	
Total investment in unquoted companies		1,003,591			1,023,165	
Total investment in unquoted companies		1,003,591			1,023,165	
Total cost of investments in subsidiaries		1,047,644			1,067,218	

ACL Cables PLC acquired a controlling interest in Lanka Olex Cables (Private) Limited in October 1999. Kelani Cables PLC is a subsidiary of Lanka Olex Cables (Private) Limited. During the year 2019/20, ACL Cables PLC acquired a controlling interest in Cable Solutions (Private) Limited.

In the Company's financial statements, investments in subsidiaries have been accounted for at cost.

## 18 Investments accounted for using the equity method

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Investments accounted for using the equity method (at cost)	-	-	345,093	345,093
Investment in equity accounted investee	312,874	255,792	-	-
Share of profit [Note 18(a)]	107,426	57,300	-	-
Share of other comprehensive income [Note 18(a)]	(495)	(218)	-	-
Share of dividend paid	(18,420)	-	-	-
Carrying amount of interest in equity accounted investee	401,385	312,874	345,093	345,093

### Impact of COVID-19

Investments accounted for using the equity method are carried at cost less any accumulated impairment losses. The Company has not determined that there is no requirement to provide for impairment as at the reporting date due to the COVID-19 pandemic.

Resus Energy PLC, an equity accounted investee of ACL Cables PLC re-purchased 24,687,204 ordinary shares held by ACL Cables PLC on 14 August 2015 at a price of LKR 24 per ordinary share on the basis of four ordinary shares for every seven ordinary shares held in Resus Energy PLC. Total proceeds received and the profit on share re-purchase were LKR 592 million and LKR 148 million respectively. Further, company invested Rs.1.6 Mn to purchase 476,237 shares during the year 2020. At the end of the year, Company holds 32.53% share of Resus Energy PLC.

Provisional fair values of the identifiable assets and liabilities of Resus Energy PLC were used when arriving at the results of the acquisition.

#### (a) Total comprehensive income from equity accounted investee

	Resus Energy PLC 31 March	
	2021	2020
Share of profit	107,426	57,300
Amount recognised in the statement of profit or loss	107,426	57,300
Other comprehensive income / (expense) for the year, net of tax	(495)	(218)
Total comprehensive income for the year	106,931	57,082

#### (b) Summarised financial information of equity accounted investee

	Resus Energy PLC 31 March	
	2021	2020
Revenue and profit		
Revenue	666,252	545,560
Profit	330,338	141,396
Assets and liabilities		
Current Assets	358,699	363,092
Non current assets	3,522,392	3,117,930
Current Liabilities	1,068,302	768,024
Non current Liabilities	1,578,518	1,750,900
Net assets	1,234,271	927,965

#### (c) Quoted fair value of the investment in the associate

	622,078	496,108
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# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 19 Financial assets at fair value through OCI

### (a) Movement of financial assets at fair value through OCI

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	367,570	373,695	8,681	10,713
Fair value adjustment	30,238	(6,125)	3,647	(2,032)
Cost of shares purchased	72,076	-	-	-
	469,885	367,570	12,328	8,681

During the year Ceylon Copper Private Limited has invested in 34,642 shares additionally of Ethimale Plantations (Pvt) Ltd and the current ownership percentage is 18.75%. (2019/20 - 18.75%)

### (b) Company

Company	31 March 2021			31 March 2020		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Banking finance and insurance						
Merchant Bank of Sri Lanka PLC	18,379	1,546	129	18,379	1,546	103
Nations Trust Bank PLC	19,321	450	1,068	19,321	450	1,221
Telecommunication						
Dialog Axiata PLC	390,000	4,143	5,070	390,000	4,143	3,315
Diversified holdings						
John Keells Holdings PLC	25,856	1,430	3,840	25,856	1,430	2,984
Ambeon Holding PLC	130,700	13,250	2,222	130,700	13,250	1,059
<b>Total cost of investments by the Company</b>		<b>20,819</b>	<b>12,328</b>		<b>20,819</b>	<b>8,681</b>

### (c) Investments by subsidiary companies

Company	31 March 2021			31 March 2020		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Banking finance and insurance						
Nations Trust Bank PLC	26,826	512	1,483	26,826	512	1,295
DFCC Bank	13	2	1	13	2	1
People's Insurance PLC	585,500	8,782	17,916	585,500	8,782	9,954
Plantation						
Maskeliya Plantations PLC	8,200	375	90	8,200	375	494
Kotagala Plantations PLC	45,000	477	239	45,000	477	225
Ethimale Plantations (Pvt) Ltd	571,469	414,171	414,171	536,827	342,096	342,096
Diversified holdings						
Hayleys PLC	389,070	2,953	23,655	38,907	2,953	4,824
<b>Total cost of investments by subsidiaries</b>		<b>427,272</b>	<b>457,556</b>		<b>355,197</b>	<b>358,889</b>
<b>Total cost of investments by Group</b>		<b>448,091</b>	<b>469,885</b>		<b>376,016</b>	<b>367,570</b>

- (d) Financial assets at fair value through OCI include the ordinary share investments.
- (e) Carrying value of the investment in Ethimale Plantations (Pvt) Ltd would remain as last year since the fair value of the investment cannot be reliably measured as the underlying investee company is in its development stage.

#### Impact of COVID-19

Impact of the pandemic on the non-current financial assets have been elaborated in Note 3.

## 20 Inventories

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Raw materials	2,500,633	1,663,700	1,097,096	577,097
Work-in-progress	983,017	986,673	555,438	539,849
Finished goods	2,749,359	2,975,387	1,425,455	1,590,840
Goods in transit	1,613,267	745,486	906,733	295,681
Other stocks	277,199	272,681	149,782	123,045
	8,123,475	6,643,927	4,134,504	3,126,512
Provision for obsolete stock [20(a)]	(221,656)	(223,137)	(82,754)	(82,754)
Net book amount	7,901,819	6,420,790	4,051,750	3,043,758

- (a) Provision for obsolete stock

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	223,137	200,388	82,754	70,586
Provision for the year	(1,481)	22,749	-	12,168
Balance at the end of the year	221,656	223,137	82,754	82,754

## 21 Trade and other receivables

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Trade receivables	7,123,159	6,435,471	3,908,123	3,357,368
Provision for impairment of trade and other receivables [Note 21(a)]	(753,635)	(648,309)	(400,242)	(275,242)
Trade receivables - net	6,369,525	5,787,163	3,507,881	3,082,126
Receivable from related companies [Note 37.14(b)]	-	-	292,100	288,952
Loan given to related companies [Note 37.14(c)]	-	-	32,075	32,075
Advances and prepayments	270,987	206,193	19,866	11,646
Other receivables	2,324,299	2,419,694	1,127,466	1,113,849
	8,964,810	8,413,049	4,979,388	4,528,648

Value of book debts of ACL Cables PLC and Kelani Cables PLC have been pledged as security to obtain bank facilities.

The carrying amount of trade receivables is considered to be the same as its fair value, due to its short-term nature.

Other receivables of Group includes statutory receivables, and advanced paid to Blue Water Hotel Resort Project by Kelani Cables PLC and other receivables of Company includes statutory receivables.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

Kelani Cables PLC made an advance payment of USD 2,000,000 to Blue Water Resorts Hotel project which intends to build a resort in Maldives. The company made this initial payment to purchase the land in return for shares from Blue Water Resorts (Private) Limited after the Company is incorporated. (2019/20 - Rs.360,540)

## Impact of Covid-19

The Group's simplified Expected Credit Loss model is based on the provision metrics which is allowed to be used under the practical expedient of SLFRS 9. Individual receivable balances have been re-assessed by the management, specific provisions were made wherever necessary, existing practice on the provisioning of trade receivables were re-visited and adjusted to reflect impact from COVID-19 outbreak.

### (a) Impairment of trade and other receivables

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	647,865	537,598	275,242	196,926
Provision for the year	152,415	110,710	125,000	78,315
Debtors written off	(46,645)	-	-	-
Balance at the end of the year	753,635	648,309	400,242	275,242

### (b) Trade receivables, receivables from related parties, loans to related parties, advances and prepayments and other receivables by credit quality:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Neither past due nor impaired	7,058,572	5,988,815	4,142,761	3,446,182
Past due but not impaired	1,152,603	1,775,925	436,386	807,224
Impaired	753,635	648,309	400,242	275,242
	8,964,810	8,413,049	4,979,389	4,528,648

Loss rates used by management is illustrated in Note 3.1 (b).

#### Past due but not impaired

Debtors with a carrying amount of LKR 1,153 million (2020 - LKR 1,776 million) and LKR 436 million (2020 - LKR 807 million), which are past due for the Group and the Company respectively at the end of the reporting period but the Company has not impaired as there have not been a significant change in credit quality and the Directors of the Company believe that overdue amounts are fully recoverable.

#### Impaired

The trade receivables impaired were LKR 754 million (2020 - LKR 648 million) and LKR 400 million (2020 - LKR 275 million) for the Group and the Company respectively at the end of the reporting period.

## 22 Cash and cash equivalents

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Cash at bank	2,526,959	2,261,098	592,777	955,438
Cash in hand	3,429	658	403	379
	2,530,387	2,261,756	593,180	955,817



For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Cash at bank and in hand	2,530,387	2,261,756	593,180	955,817
Bank overdraft (Note 24)	(162,742)	(928,888)	(1,523)	(641,169)
	2,367,646	1,332,868	591,657	314,648

## 23 Trade and other payables

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Trade payables	5,707,445	2,034,746	3,040,768	995,572
Payables to related parties [Note 37.14 (a)]	74,792	55,026	1,366,982	2,488,776
Loans from related parties [Note 37.14 (d)]	-	-	42,594	25,594
Accrued expenses and other payable	769,247	657,903	109,949	127,818
	6,551,484	2,747,675	4,560,293	3,637,760

The carrying amount of trade payables is considered to be the same as its fair value, due to its short-term nature.

## 24 Borrowings

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Long term borrowings				
Amount payable after one year	1,094,901	1,130,445	713,334	882,681
	1,094,901	1,130,445	713,334	882,681
Short term borrowings				
Amount payable within one year	2,591,616	4,261,855	1,230,538	775,328
Bank overdraft	162,742	928,888	1,523	641,169
	2,754,357	5,190,743	1,232,061	1,416,497
Total borrowings	3,849,259	6,321,188	1,945,395	2,299,178

### Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

### Impact of Covid-19

Note 3.1(a) demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

(a) Analysed by lenders

		Group			
		31 March			
Lender	Interest Rate	2021	2020	Security	Amount Rs. (Mn)
Standard Chartered Bank	Linked to AWPLR	375,000	475,000	Stocks and book debts	LKR 250
State Bank of India	Linked to AWPLR	333,330	400,000	Land	LKR 939
Bank of Ceylon	Linked to AWPLR	154,354	204,146	No assets pledged	
Standard Chartered Bank			43,618	No assets pledged	
DFCC		19,815	-		
Sampath Bank		200,000	-		
National Development Bank	9.08%	12,402	7,681	No assets pledged	
<b>Total long-term borrowings</b>		<b>1,094,901</b>	<b>1,130,445</b>		
Standard Chartered Bank	Linked to AWPLR	945,516	96,297	Stocks and Book Debts	USD 1.5
				Lien over call account funds	USD 0.6
					AUD 0.5
Hatton National Bank PLC	Linked to AWPLR	540,729	1,447,205	Demand promissory note	LKR 1,500
Nations Trust Bank PLC	Linked to AWPLR	178,531	163,167	Stocks and Book Debts	-
DFCC	Linked to AWPLR	-	4,904	Machinery and solar panels	USD 0.12
					USD 0.13
DFCC	Linked to AWPLR	65,680	-	Movable property	
DFCC	Linked to AWPLR	23,611	1,132	Movable property	USD 0.33
DFCC	Linked to AWPLR	-	133,640	Stocks and book debts	USD 1.5
Sampath Bank		32,639	-		-
Standard Chartered Bank	Linked to AWPLR	-	1,455,330	No assets pledged	-
Hatton National Bank PLC	Linked to AWPLR	702,000	750,000	No assets pledged	-
Honkong Shanghai Banking Corporation	10.04%	-	52,754	No assets pledged	-
Honkong Shanghai Banking Corporation	10.05%	97,313	96,812	No assets pledged	-
Honkong Shanghai Banking Corporation	9.91%	-	52,476	No assets pledged	-
National Development Bank	9.14%	5,596	8,137	No assets pledged	-
<b>Total short-term borrowings</b>		<b>2,591,615</b>	<b>4,261,855</b>		
<b>Total borrowings</b>		<b>3,686,517</b>	<b>5,392,300</b>		

		Company			
		31 March			
Lender	Interest Rate	2021	2020	Security	Amount Rs. (Mn)
Standard Chartered Bank	Linked to AWPLR	375,000	475,000	Stocks and book debts	LKR 250
National Development Bank	9.08%	5,004	7,681	No assets pledged	
State Bank of India	Linked to AWPLR	333,330	400,000	Land	LKR 939
<b>Total long-term borrowings</b>		<b>713,334</b>	<b>882,681</b>		
Standard Chartered Bank	Linked to AWPLR	277,806	75,584	Lien over call account funds	USD 0.6
					AUD 0.5
Hatton National Bank PLC	Linked to AWPLR	414,200	536,576	Demand promissory note	LKR 1,500
Nations Trust Bank PLC	Linked to AWPLR	538,531	163,167	Stocks and book debts	
<b>Total short-term borrowings</b>		<b>1,230,538</b>	<b>775,328</b>		
<b>Total borrowings</b>		<b>1,943,872</b>	<b>1,658,009</b>		

## 25 Current income tax liabilities

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	569,748	657,741	219,721	282,370
Addition from the acquisition of subsidiary	-	466	-	-
Provision for the current year (Note 9)	302,512	323,462	115,690	90,270
Over provision in respect of prior years	(936)	(7,729)	-	-
Payments made during the year	(224,921)	(404,192)	(78,342)	(152,919)
Balance at the end of the year	646,403	569,748	257,069	219,721

## 26 Defined benefit obligations

(a) The amounts recognised in the balance sheet are determined as follows:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	387,618	326,711	229,880	192,004
Addition from the acquisition of subsidiary	-	13,117	-	-
Current service cost	36,148	29,782	16,912	13,787
Interest cost	39,778	33,283	22,988	22,080
Actuarial loss/(gain) during the year	(1,972)	14,891	(30,638)	14,170
	461,572	417,784	239,142	242,042
Benefits paid	(37,789)	(30,166)	(23,135)	(12,162)
Balance at the end of the year	423,783	387,618	216,007	229,880

(b) The amounts recognised in the statement of profit or loss are as follows:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Current service cost	36,148	29,782	16,912	13,787
Interest cost	39,778	33,283	22,988	22,080
Recognised in statement of profit or loss	75,926	63,065	39,900	35,867

(c) The amounts recognised in the statement of comprehensive income are as follows:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Actuarial loss/(gain)	(1,972)	14,891	(30,638)	14,170
Recognised in statement of comprehensive income	(1,972)	14,891	(30,638)	14,170

The Company maintains an unfunded defined benefit plan providing for gratuity benefits to employees expressed in terms of final monthly salary and number of years of service.

As at 31 March 2021, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary firm, Actuarial & Management Consultants (Private) Limited.

# NOTES TO THE FINANCIAL STATEMENTS

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(d) The key assumptions used by the actuary include the following :

	Group / Company 31 March	
	2021	2020
Rate of discount	8.30%	10.0%
Salary increment rate	10.0%	10.0%
Retirement age	55 years	55 years

## Sensitivity analysis :

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

(e) The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

	2021				
	Change	Group		Company	
		Financial position-liability	Comprehensive income-(charge) / credit for the year	Financial position-liability	Comprehensive income-(charge) / credit for the year
Discount rate	+1	(28,565)	28,565	(14,897)	14,897
	-1	33,198	(33,198)	16,956	(16,956)
Future salary increases	+1	32,748	(32,748)	16,816	(16,816)
	-1	(29,103)	29,103	(14,897)	14,897

	2020				
	Change	Group		Company	
		Financial position-liability	Comprehensive income-(charge) / credit for the year	Financial position-liability	Comprehensive income-(charge) / credit for the year
Discount rate	+1	(32,633)	32,633	(13,441)	13,441
	-1	34,185	(34,185)	15,200	(15,200)
Future salary increases	+1	33,698	(33,698)	15,286	(15,286)
	-1	(32,599)	32,599	(13,751)	13,751

(f) The expected maturity analysis of undiscounted post-employment benefits is as follows:

Group	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>31 March 2021</b>					
Defined benefit obligation	47,901	82,102	83,406	197,282	410,691
<b>Total</b>	<b>47,901</b>	<b>82,102</b>	<b>83,406</b>	<b>197,282</b>	<b>410,691</b>
<b>31 March 2020</b>					
Defined benefit obligation	34,770	28,483	74,632	249,733	387,618
<b>Total</b>	<b>34,770</b>	<b>28,483</b>	<b>74,632</b>	<b>249,733</b>	<b>387,618</b>
<b>Company</b>					
Company	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>31 March 2021</b>					
Defined benefit obligation	24,516	43,961	42,561	104,968	216,006
<b>Total</b>	<b>24,516</b>	<b>43,961</b>	<b>42,561</b>	<b>104,968</b>	<b>216,006</b>
<b>31 March 2020</b>					
Defined benefit obligation	34,143	27,752	64,948	103,037	229,880
<b>Total</b>	<b>34,143</b>	<b>27,752</b>	<b>64,948</b>	<b>103,037</b>	<b>229,880</b>

## 27 Deferred income tax liabilities

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 18% (2019/20 - 28%)

(a) The gross movement in the deferred income tax account is as follows:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	485,457	512,748	286,292	291,769
Acquisition of subsidiary	-	31,991	-	-
Origination/(reversal) of temporary differences recognised in Statement of profit or loss	(122,949)	(54,768)	40,838	(1,509)
Origination/(reversal) of temporary differences recognised in other comprehensive income	72,302	(4,515)	(110,369)	(3,968)
<b>Balance at the end of the year</b>	<b>434,810</b>	<b>485,457</b>	<b>216,760</b>	<b>286,292</b>

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

(b) The movement on the deferred income tax account was as follows:

(i) Movement in deferred income tax liability

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	854,530	787,667	466,249	439,386
Acquisition of subsidiary	-	31,991	-	-
Origination of temporary differences recognised in Statement of profit or loss	(185,429)	34,872	1,774	26,863
Effect on surplus on revaluation of buildings recognised in other comprehensive income	139,324	-	54,041	-
Effect on change in tax rates recognised in other comprehensive income	(66,955)	-	(169,926)	-
Deferred tax on amount transferred from retained earnings	-	-	-	-
Balance at the end of the year	741,470	854,530	352,139	466,249

(ii) Movement in deferred income tax asset

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	(369,073)	(274,919)	(179,957)	(179,957)
Reversal of temporary differences recognised in Statement of profit or loss	62,480	(89,640)	39,063	(28,372)
Origination/(reversal) of temporary differences recognised in other comprehensive income	(67)	(4,515)	5,515	(3,968)
Balance at the end of the year	(306,660)	(369,073)	(135,379)	(179,957)
Deferred income tax liabilities - net	434,810	485,457	216,760	286,292

Deferred tax related to fair value re-measurement of financial assets at fair value through OCI which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated statement of profit or loss with the deferred gain or loss.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is given below.

(c) Composition of deferred income tax liabilities and deferred income tax assets is as follows:

(i) Composition of deferred income tax liabilities

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Property, plant and equipment	740,485	853,956	350,128	462,674
Right-of-use assets	985	574	2,011	3,575
	741,470	854,530	352,139	466,249

(ii) Composition of deferred income tax assets

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Defined benefit obligations	(76,431)	(105,902)	(38,881)	(64,366)
Lease liabilities	732	(847)	(2,116)	(3,775)
Provision for impairment of inventories	(84,663)	(60,966)	(22,338)	(34,748)
Provision for impairment of trade receivables	(102,138)	(150,764)	(72,044)	(77,068)
Provision for payment in lieu of employee share issue scheme	(839)	(228)	-	-
Tax losses carried forward	(43,321)	(50,365)	-	-
	(306,660)	(369,073)	(135,379)	(179,957)

Impact of COVID-19

The Group recognises a deferred tax asset on unused tax losses which is expected to reduce the future tax expense. The Group's risk management strategy involved implementation of the business continuity plans at the respective companies as a response to COVID-19 pandemic.

**28 Financial instruments by category**

(a) Financial instruments

Group	Financial Assets at amortised cost	Financial Assets at Fair value through OCI	Total
31 March 2021			
Assets as per the statement of financial position			
Financial assets at fair value through OCI	-	469,885	469,885
Trade and other receivables (excluding pre-payments)	8,693,823	-	8,693,823
Cash and bank balances (Note 22)	2,530,387	-	2,530,387
	11,224,211	469,885	11,694,095
		Financial liabilities at amortised cost	Total
31 March 2021			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)		6,528,799	6,528,799
Lease liabilities (Note 16)		34,484	34,484
Other borrowed funds (Note 24)		3,849,259	3,849,259
		10,412,542	10,412,542

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(all amounts in Sri Lanka Rupees thousands)

Company	Financial Assets at amortised cost	Financial Assets at Fair value through OCI	Total
31 March 2021			
Assets as per the statement of financial position			
Financial assets at fair value through OCI	-	12,328	12,328
Trade and other receivables (excluding pre-payments)	4,959,522	-	4,959,522
Cash and bank balances (Note 22)	593,180	-	593,180
	5,552,701	12,328	5,565,029

		Financial liabilities at amortised cost	Total
31 March 2021			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)		4,550,239	4,550,239
Lease liabilities (Note 16)		11,757	11,757
Other borrowed funds (Note 24)		1,945,395	1,945,395
		6,507,391	6,507,391

Group	Financial Assets at amortised cost	Financial Assets at Fair value through OCI	Total
31 March 2020			
Assets as per the statement of financial position			
Financial assets at Fair value through OCI	-	367,570	367,570
Trade and other receivables (excluding pre-payments)	8,206,856	-	8,206,856
Cash and bank balances (Note 22)	2,261,756	-	2,261,756
	10,468,612	367,570	10,836,182

		Financial liabilities at amortised cost	Total
31 March 2020			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)		2,727,301	2,727,301
Lease liabilities		36,189	36,189
Other borrowed funds (Note 24)		6,321,188	6,321,188
		9,084,677	9,084,677



Company	Financial Assets at amortised cost	Financial Assets at Fair value through OCI	Total
31 March 2020			
Assets as per the statement of financial position			
Financial assets at Fair value through OCI	-	8,681	8,681
Trade and other receivables (excluding pre-payments)	4,517,002	-	4,517,002
Cash and bank balances (Note 22)	955,817	-	955,817
	5,472,819	8,681	5,481,500

		Financial liabilities at amortised cost	Total
31 March 2020			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)		3,629,808	3,629,808
Lease liabilities (Note 16)		13,482	13,482
Other borrowed funds (Note 24)		2,299,178	2,299,178
		5,942,468	5,942,468

(b) Credit quality by class of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group			Total	Company			Total
	Neither past due nor impaired	Past due but not impaired	Individually impaired		Neither past due nor impaired	Past due but not impaired	Individually impaired	
31 March 2021								
Trade and other receivables (excluding pre -payments)	6,787,585	1,152,604	753,635	8,693,823	4,122,894	436,386	400,242	4,959,522
Cash and bank balances	2,530,387	-	-	2,530,387	593,180	-	-	593,180
	9,317,972	1,152,604	753,635	11,224,211	4,716,073	436,386	400,242	5,552,701
31 March 2020								
Trade and other receivables (excluding pre -payments)	5,782,622	1,775,925	648,309	8,206,856	3,434,536	807,224	275,242	4,517,002
Cash and bank balances	2,261,756	-	-	2,261,756	955,817	-	-	955,817
	8,044,378	1,775,925	648,309	10,468,613	4,390,354	807,224	275,242	5,472,819

# NOTES TO THE FINANCIAL STATEMENTS

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Cash at bank and short-term bank deposits

	Group		Company	
	31 March		31 March	
	2021	2020	2021	2020
AAA(Ika)'	556,786	786,443	498,352	329,943
AA+(Ika)'	965	4,295	-	129
AA(Ika)'	888,179	9,859	28,877	2,461
AA-(Ika)'	100,541	833,389	6,248	1,515
A+(Ika)'	82,933	841	28,471	548
A(Ika)'	890,222	9,474	23,494	4,799
A-(Ika)'	-	603,215	-	603,215
BBB-(Ika)'	7,333	10,828	7,333	10,828
B-(Ika)'	-	2,754	-	1,997
Total	2,526,959	2,261,098	592,777	955,438

## 29 Contingent Liabilities

Company

- (a) The Department of Inland Revenue raised assessments on income tax for the year of assessments 2006/2007, 2007/2008, 2008/2009, 2011/2012, 2012/2013, 2013/2014 and 2014/2015 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted appeals against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act. The matters pertaining to the year of assessments 2006/2007, 2007/2008 and 2008/2009 are referred to the Court of Appeal for their opinion. The year of assessment 2011/2012 is pending before the Tax Appeal Commission for their determination. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006.
- (b) The Company has issued corporate guarantees to secure the banking facilities obtained by the following Companies from Standard Chartered Bank.
- ACL Kelani Magnet Wire (Private) Limited amounting to USD 165,000 or equivalent in LKR
  - ACL Metals and Alloys (Private) Limited amounting LKR. 1,500 million
  - ACL Electric (Private) Limited amounting to LKR 500 million
  - Ceylon Copper (Private) Limited amounting to LKR 1,900 million
- (c) Bank guarantees amounting to LKR 1,163 million have been given to the suppliers as at 31 March 2021.

Group

- (a) **ACL Metals and Alloys (Private) Limited**  
The Department of Inland Revenue raised assessments on income tax for the year of assessments 2007/2008, 2010/2011, 2011/2012, 2012/2013 and 2013/2014 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted appeals against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act. The matters pertaining to the year of assessments 2007/2008 and 2010/2011 are referred to the Court of Appeal for their opinion. The year of assessments 2011/2012 and 2012/2013 are pending before the Tax Appeal Commission for their determination. Management of the Company is of the view that no liability would arise since the Company is entitled for the income tax exemption under section 17 of the Inland Revenue Act No. 10 of 2006.
- Bank guarantees amounting to LKR 29 million have been given to suppliers as at 31 March 2021.
- (b) **ACL Polymers (Pvt) Ltd**  
The Department of Inland Revenue raised an assessment on income tax for the year of assessment 2007/2008 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted an appeal against the said assessment within the stipulated time frame in accordance with the Inland Revenue Act. The matter is referred to the Court of Appeal for their opinion. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006.

- (c) **Kelani Cables PLC**  
Bank guarantees amounting to LKR 105 million have been given to third parties as at 31 March 2021.
- (d) **ACL Plastics PLC**  
Bank guarantees amounting to LKR 15 million have been given to the suppliers as at 31 March 2021.

### 30 Commitments

#### Financial commitments

##### Company

- (a) **Letter of Credits**  
The Company has a commitment on Letter of Credits amounting to LKR 1,078 million as at 31 March 2021.

There were no other material commitments outstanding as at 31 March 2021.

##### Group

- (a) **Kelani Cables PLC**  
Kelani Cables PLC has a commitment on Letter of Credits amounting to LKR 237 million as at 31 March 2021.
- (b) **ACL Plastics PLC**  
ACL Plastics PLC has a commitment on Letter of Credits amounting to LKR 15 million as at 31 March 2021.
- (c) **ACL Metals and Alloys (Private) Limited**  
ACL Metals and Alloys (Private) Limited has a commitment on Letter of Credits amounting to LKR 123 million as at 31 March 2021.
- (d) **ACL Electric (Private) Limited**  
ACL Electric (Private) Limited has a commitment on Letter of Credits amounting to LKR 97 million as at 31 March 2021.

#### Capital commitments

- (a) **Company and Group**  
There were no material capital commitments outstanding at the balance sheet date.

### 31 Stated capital

	Group 31 March		Company 31 March	
	2021	2020	2021	2020 Restated
Number of ordinary shares issued and fully paid				
Issued ordinary shares as at 01st April	119,787,360	119,787,360	119,787,360	119,787,360
Effect of share split	119,787,360	119,787,360	119,787,360	119,787,360
<b>Balance at the end of the year</b>	<b>239,574,720</b>	<b>239,574,720</b>	<b>239,574,720</b>	<b>239,574,720</b>
<b>Stated capital</b>				
Balance at the beginning of the year	299,488	299,488	299,488	299,488
<b>Balance at the end of the year</b>	<b>299,488</b>	<b>299,488</b>	<b>299,488</b>	<b>299,488</b>

Weighted average Number of Ordinary shares in 2020 has been adjusted based on post sub-division of 2 shares for every one ordinary share held.

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 32 Capital reserve

- (a) The Capital Reserve is used to record increments and decrements on the revaluation of the property, plant and equipment. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	2,270,744	2,274,026	1,002,568	1,002,568
Revaluation surplus	774,020	-	300,231	-
Deferred tax on revaluation surplus	(139,324)	-	(54,041)	-
Deferred tax on effect of change in tax rates	66,955	-	169,926	-
Transfer to retained earnings from revaluation reserve	(3,738)	(3,282)	-	-
<b>Balance at the end of the year</b>	<b>2,968,657</b>	<b>2,270,744</b>	<b>1,418,683</b>	<b>1,002,568</b>

- (b) Group capital reserve as at balance sheet date consists of the following;

	Group 31 March	
	2021	2020
Capital redemption reserve fund	4,435	4,435
Surplus on revaluation of property, plant and equipment	2,964,222	2,266,309
	<b>2,968,657</b>	<b>2,270,744</b>

## 33 General reserve

General reserve consists of such amounts that have been from time to time transferred from retained earnings as resolved at General Meetings of the Company/Group for general applications.

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	1,123,825	1,123,825	680,266	680,266
<b>Balance at the end of the year</b>	<b>1,123,825</b>	<b>1,123,825</b>	<b>680,266</b>	<b>680,266</b>

## 34 Fair value reserve of financial assets at FVOCI

The group has recognised changes in the fair value of investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve within equity. The group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Balance at the beginning of the year	73	4,774	(1,151)	881
Fair value adjustment for financial assets at fair value through OCI	20,984	(4,701)	3,647	(2,032)
<b>Balance at the end of the year</b>	<b>21,057</b>	<b>73</b>	<b>2,496</b>	<b>(1,151)</b>

### 35 Cash flow information

(a) Cash generated from / (used in) operations

Reconciliation of profit before tax to cash generated from/ (used in) operations:

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Profit before tax	1,941,685	1,302,993	759,408	433,689
Adjustments for:				
Depreciation of property, plant and equipments (Note 12)	352,087	291,756	137,347	142,059
Depreciation of right-of-use assets (Note 16)	6,917	7,017	1,588	1,699
Amortization of intangible assets (Note 15)	202	99	99	99
Share of profit from equity accounted investee, net of tax [Note 18(a)]	(107,426)	(57,300)	-	-
Cash dividend from equity investee (Note 18)	18,420	-	-	-
Dividend income (Note 5)	(973)	(1,108)	(194,329)	(104,951)
Interest expense (Note 8)	569,504	723,618	298,492	299,902
Interest income (Note 8)	(92,030)	(168,505)	(19,601)	(65,266)
Profit on disposal of property, plant and equipment (Note 5)	(3,851)	(52)	(3,118)	-
Fair value adjustment to investment properties (Note 14)	(363,050)	(129,000)	(18,550)	(118,000)
Defined benefit obligations [Note 26(b)]	75,926	63,065	39,900	35,867
Adjustment made for lease agreement changes	(5,783)	-	(452)	-
Changes in working capital:				
Increase in inventories	(1,481,029)	(437,794)	(1,007,992)	(172,486)
Increase in receivables and prepayments	(551,762)	(1,853,030)	(450,741)	(783,824)
Increase in trade and other payables	3,803,806	1,614,140	922,532	2,131,311
<b>Cash generated from operations</b>	<b>4,162,644</b>	<b>1,355,900</b>	<b>464,581</b>	<b>1,800,099</b>

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
<b>Net debt</b>				
Cash and cash equivalents	2,530,387	2,261,756	593,180	955,817
Borrowings – repayable within one year (including overdraft)	2,754,357	5,190,743	1,232,061	1,416,497
Borrowings – repayable after one year	1,094,901	1,130,445	713,334	882,681
Lease liabilities	34,484	36,188	11,757	13,482
<b>Net debt</b>	<b>(1,353,356)</b>	<b>(4,095,620)</b>	<b>(1,363,972)</b>	<b>(1,356,843)</b>
Cash and liquid investments	2,530,387	2,261,756	593,180	955,817
Gross debt – variable interest rates	3,883,743	6,357,377	1,957,151	2,312,660
<b>Net debt</b>	<b>(1,353,356)</b>	<b>(4,095,620)</b>	<b>(1,363,972)</b>	<b>(1,356,843)</b>

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

## 36 Segment information

### (a) Business Segment information

	Manufacturing cables	Manufacturing PVC compound	Others		
	2021	2021	2021	2021	2020
Total revenue	23,877,758	1,900,005	4,913,596	30,691,359	27,642,970
Inter-segment sales	(1,403,181)	(1,755,460)	(4,913,596)	(8,072,236)	(8,960,716)
External sales	22,474,578	144,545	-	22,619,123	18,682,254
<b>Results</b>					
Profit before other income and finance cost	1,248,254	185,243	453,393	1,886,890	1,640,100
Other income	421,235	972	2,636	424,843	160,706
Finance cost	(367,719)	22,030	(131,785)	(477,474)	(555,113)
Share of profit of equity accounted investee and gain on bargain purchase (power and energy)	-	-	-	107,426	57,300
Taxation	(109,694)	(28,956)	(49,313)	(187,963)	(278,750)
Profit after taxation	1,174,547	196,818	274,931	1,753,722	1,024,243
<b>Assets</b>					
Segment assets	22,636,036	1,239,644	2,404,819	26,280,499	22,742,725
Unallocated corporate assets				939,793	738,609
<b>Total assets</b>				<b>27,220,292</b>	<b>23,481,334</b>
<b>Liabilities</b>					
Segment liabilities	9,868,939	479,053	1,580,351	11,928,343	10,545,404
Unallocated corporate liabilities				11,879	2,471
<b>Total liabilities</b>				<b>11,940,222</b>	<b>10,547,875</b>
<b>Capital expenditure</b>					
Segment capital expenditure	416,941	2,943	668	420,551	80,082
<b>Total capital expenditure</b>				<b>420,551</b>	<b>80,082</b>
<b>Depreciation and amortisation</b>					
Segment depreciation and amortisation	308,556	16,219	34,633	352,289	291,855
<b>Total depreciation and amortisation</b>				<b>352,289</b>	<b>291,855</b>

### (b) Geographical segment information

Geographical segment turnover is given in Note 4.

### 37 Directors' interests in contracts and related party transactions

- 37.1** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company, are also Directors of ACL Plastics PLC which is a 65.2% owned subsidiary of ACL Cables PLC.
- 37.2** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company are also the Directors of Lanka Olex Cables (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 37.3** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs.N.C.Madanayake who are Directors of the Company are also the Directors of Kelani Cables PLC which is a 79.3% owned subsidiary of ACL Cables PLC .
- 37.4** Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Kelani Magnet Wire (Private) Limited which is a 93.79% owned subsidiary of ACL Cables PLC.
- 37.5** Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Metals and Alloys (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 37.6** Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Polymers (Private) Limited which is a 65.2% owned subsidiary of ACL Cables PLC.
- 37.7** Mr U.G. Madanayake, Mr. Suren Madanayake and Mrs N. C. Madanayake who are Directors of the Company are also the Directors of Ceylon Bulbs and Electricals Limited which is a 95.3% owned subsidiary of ACL Cables PLC.
- 37.8** Mr. U. G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of Ceylon Copper (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 37.9** Mr. U. G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Electric (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 37.10** Mr. U. G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of Cable Solutions (Private) Limited which is a 51% owned subsidiary of ACL Cables PLC.
- 37.11** Mr. Suren Madanayake who is a Director of the Company is also a Director of S M Lighting (Private) Limited.
- 37.12** Mr. Suren Madanayake who is a Director of the Company is also a Director of Resus Energy PLC which is a 32.52% owned associate of ACL Cables PLC.
- 37.13** The Company had the following business transactions in the ordinary course of business during the year :

- (a) Sale of goods and services (inclusive of taxes)

		Company 31 March	
		2021	2020
Kelani Cables PLC	Subsidiary	833,504	569,796
ACL Metals and Alloys (Private) Limited	Subsidiary	17,167	32,821
ACL Plastics PLC	Subsidiary	-	470
Ceylon Copper (Private) Limited	Subsidiary	37,227	57,031
Cable Solutions (Private) Limited	Subsidiary	121,888	9,551
ACL Electric (Private) Limited	Subsidiary	1	32
		1,009,787	669,699

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

(b) Purchase of goods and services (inclusive of taxes)

		Company 31 March	
		2021	2020
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	-	212
ACL Plastics PLC	Subsidiary	953,864	929,748
Kelani Cables PLC	Subsidiary	27,601	83,119
Ceylon Bulbs and Electricals Limited	Subsidiary	1,200	1,200
ACL Metals and Alloys (Private) Limited	Subsidiary	1,247,155	2,146,029
Ceylon Copper (Private) Limited	Subsidiary	2,101,529	2,466,255
Cable Solutions (Private) Limited	Subsidiary	12,402	317
ACL Electric (Private) Limited	Subsidiary	871,907	681,331
		5,215,657	6,308,211

(c) Interest on loans from related parties

		Company 31 March	
		2021	2020
ACL Plastics PLC	Subsidiary	-	-
ACL Polymers (Private) Limited	Subsidiary	1,955	2,235
		1,955	2,235

(d) Dividends received from related parties

		Company 31 March	
		2021	2020
ACL Metals and Alloys (Private) Limited	Subsidiary	25,800	12,900
Kelani Cables PLC	Subsidiary	4,477	2,811
Lanka Olex Cables (Private) Limited	Subsidiary	73,297	49,026
ACL Plastics PLC	Subsidiary	16,482	14,239
ACL Electric (Private Limited)	Subsidiary	30,000	-
Ceylon Copper (Private) Limited	Subsidiary	25,800	25,800
		175,857	104,776

(e) There were no dividend payments to related parties during the year ended 31 March 2021.

(f) Key management compensation

	Group 31 March		Company 31 March	
	2021	2020	2021	2020
Short-term benefits	88,120	83,215	67,950	64,480
	88,120	83,215	67,950	64,480



**37.14** Balances arising from above related party transactions as at the balance sheet date are as follows;

(a) Payable to related parties

		Company 31 March	
		2021	2020
Kelani Cables PLC	Subsidiary	2,758	43,582
ACL Metals and Alloys (Private) Limited	Subsidiary	518,525	945,725
ACL Plastics PLC	Subsidiary	520,895	625,797
Ceylon Copper (Private) Limited	Subsidiary	126,161	854,064
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	212	212
Cables Solutions (Private) Limited	Subsidiary	395	-
ACL Polymers Private Limited	Subsidiary	1,955	-
ACL Electric (Private) Limited	Subsidiary	196,080	19,397
		1,366,982	2,488,776

		Group 31 March	
		2021	2020
S M Lighting (Private) Limited	Related through KMP	74,792	55,026
		74,792	55,026

(b) Receivable from related parties

		Company 31 March	
		2021	2020
Kelani Cables PLC	Subsidiary	166,578	235,556
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	41,050	42,629
Ceylon Bulbs and Electricals Limited	Subsidiary	1,378	2,223
ACL Metals and Alloys (Private) Limited	Subsidiary	28,980	4,228
ACL Electric (Private) Limited	Subsidiary	1	5
Cables Solutions (Private) Limited	Subsidiary	54,114	4,313
		292,100	288,952

(c) Receivable on loans

		Company 31 March	
		2021	2020
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	32,075	32,075
	Subsidiary	32,075	32,075

# NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

(d) Payable on loans

		Company 31 March	
		2021	2020
ACL Polymers (Private) Limited	Subsidiary	42,000	25,000
Lanka Olex Cables (Private) Limited	Subsidiary	594	594
		42,594	25,594

There were no other related parties or related party transactions during the year ended 31 March 2021 other than those disclosed above.

### 37.15 Interest in related entities

(a) Material Subsidiaries

The group's principal subsidiaries at 31 March 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. Sri Lanka is the country of incorporation or registration and is also their principal place of business.

Name of entity	Place of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
		2021	2020	2021	2020
ACL Plastics PLC	Colombo	65.20%	65.20%	34.80%	34.80%
Kelani Cables PLC	Kelaniya	79.30%	79.30%	20.70%	20.70%
Ceylon Bulbs and Electricals Limited	Colombo	95.30%	95.30%	4.70%	4.70%
Lanka Olex Cables (Private) Limited	Colombo	100%	100%	-	-
ACL Kelani Magnet Wire (Private) Limited	Colombo	93.79%	93.79%	6.21%	6.21%
ACL Metals and Alloys (Private) Limited	Colombo	100%	100%	-	-
Ceylon Copper (Private) Limited	Colombo	100%	100%	-	-
ACL Electric (Private) Limited	Colombo	100%	100%	-	-
Cable Solutions (Private) Limited	Colombo	51%	51%	49%	49%

Name of entity	Profit for the year	Non Controlling Interest	Total Assets	Total liabilities	Net Assets
ACL Plastics PLC	179,289	62,393	2,055,130	477,135	1,577,996
Kelani Cables PLC	620,850	128,516	8,614,763	3,987,195	4,627,568
Cable Solutions (Private) Limited	23,506	11,518	1,183,848	559,441	619,475

(b) Interest in associates

Set out below is the associate of the group as at 31 March 2021 which, in the opinion of the directors, is material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. Sri Lanka is the country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of incorporation	Ownership interest held by the Group		Carrying amount	
		2021	2020	2021	2020
RESUS Energy PLC	Colombo	32.52%	32.52%	401,385	312,874

**37.16** All the transactions with related parties are carried out in the ordinary course of business, on an arms' length basis and charge interest at quarterly review Treasury Bill rate. These are to be settled on demand.

**37.17 Going concern**

The Directors have made an assessment of the Company's and the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**38 Events after the reporting period**

Company

No circumstances have arisen since the balance sheet date other than above, which would require adjustments to, or disclosure in, the financial statements.

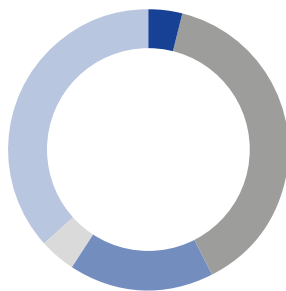
Group

No circumstances have arisen since the balance sheet date other than above, which would require adjustments to, or disclosure in, the financial statements.

# STATEMENT OF VALUE ADDED - GROUP

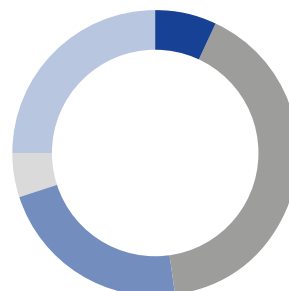
	2021		2020	
	Rs. '000		Rs. '000	
Total revenue	22,619,123		18,682,254	
Other operating & interest income	624,299		386,511	
	23,243,422		19,068,765	
Cost of material and services bought in	(18,572,050)		(15,126,168)	
Total value added by the Group	4,671,372		3,942,597	
Value added shared with				
Government of Sri Lanka (Taxes)	4%	187,963	7%	278,750
Employees (Salaries and other costs)	39%	1,808,095	41%	1,624,230
Lenders (Interest on loan capital & minority interest)	17%	778,169	22%	856,377
Shareholders (Dividends)	4%	179,681	5%	179,681
Retained in the business (Depreciation & retained profits)	37%	1,717,464	25%	1,003,559
	100%	4,671,372	100%	3,942,597

2021



● Government of Sri Lanka	4%
● Employees	39%
● Lenders	17%
● Shareholders	4%
● Retained in the business	37%

2020



● Government of Sri Lanka	7%
● Employees	41%
● Lenders	22%
● Shareholders	5%
● Retained in the business	25%

# INFORMATION TO SHAREHOLDERS

(a) Distribution of shareholders as at 31 March 2021

Share range	Number of Shareholders	Number of ordinary shares	% of holding
01 to 1,000	3,005	1,015,163	0.42
1,001 to 10,000	2,407	9,649,484	4.03
10,001 to 100,000	811	22,790,774	9.51
100,001 to 1,000,000	89	25,681,559	10.72
Over 1,000,000	12	180,437,740	75.32
<b>Total</b>	<b>6,324</b>	<b>239,574,720</b>	<b>100.00</b>

(b) Analysis report of shareholders as at 31 March 2021

	Number of shares	% of holding
Institutional	47,312,441	19.38
Individuals	192,262,279	80.62
<b>Total</b>	<b>239,574,720</b>	<b>100.00</b>

(c) Market and other information.

	31 March 2021	31 March 2020
<b>Company</b>		
a) Earnings per share (LKR)	2.52	1.44
b) Dividends per share (LKR)	0.75	1.50
c) Net assets value per share (LKR)	27.36	23.74
d) Market value per share		
- Highest value (LKR)	130.00	60.00
- Lowest value (LKR)	32.50	26.20
- Value as at the end of financial year (LKR)	35.90	31.10
e) Number of trades	36,616	10,993
f) Total number of shares traded	34,361,321	18,652,138
g) Total turnover (LKR)	2,934,610,278	891,332,393
h) Percentage of shares held by the public	36.71%	37.34%
<b>Consolidated</b>		
a) Earnings per share (LKR)	6.47	3.72
b) Net assets value per share (LKR)	63.79	53.99

# INFORMATION TO SHAREHOLDERS

(d) Twenty largest share holders list as at

	Share Holder Name	31 March 2021		31 March 2020	
		No. Shares	%	No. Shares	%
1	Mr. U. G. Madanayake	91,388,864	38.15	45,694,432	38.15
2	Mr. Suren Madanayake	53,209,584	22.21	26,604,792	22.21
3	Employees Provident Fund	11,814,864	4.93	5,907,432	5.05
4	Sri Lanka Insurance Corporation LTD-Life Fund	6,702,768	2.80	1,399,776	1.17
5	Mrs. N.C. Madanayake	4,128,400	1.72	2,064,200	1.72
6	FAB Foods (Private) Ltd	3,070,080	1.28	1,535,040	1.28
7	National Savings Bank	2,432,720	1.02	-	-
8	Employees Trust Fund Board	1,872,588	0.78	4,047,057	3.38
9	Star Packaging (Pvt) Ltd	1,650,000	0.69	-	-
10	Perera R.D.M.	1,403,728	0.59	701,864	0.59
11	Selliah A & Selliah S	1,400,000	0.58	700,000	0.58
12	Sir Cyril De Zoysa Trust	1,364,144	0.57	682,072	0.57
13	Arunodhaya (Private) Limited	1,000,000	0.42	500,000	0.42
14	Arunodhaya Industries (Private) Limited	1,000,000	0.42	500,000	0.42
15	Arunodhaya Investments (Private) Limited	1,000,000	0.42	500,000	0.42
16	Perera and Sons Bakers Pvt Limited	1,000,000	0.42	-	-
17	Raaymakers M.A.T.	896,086	0.37	-	0.56
18	Andysel Private Limited	800,000	0.33	400,000	0.33
19	Kailasapillai A.	800,000	0.33	-	-
20	Weerasinghe A.S	720,288	0.30	360,144	0.30

# DECADE AT A GLANCE - GROUP

Trading Results	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
Year Ended	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Turnover	22,619,123	18,682,254	18,183,298	16,251,907	14,669,735	12,811,224	14,427,236	11,446,862	11,326,520	10,306,180
Profit before tax	1,941,685	1,302,993	874,513	1,057,249	1,764,563	1,695,622	1,254,738	687,625	753,438	771,728
Taxation	(187,963)	(278,750)	(250,254)	(294,513)	(509,124)	(426,394)	(300,651)	(176,412)	(162,954)	(206,275)
Profit after tax	1,753,722	1,024,243	624,259	762,736	1,255,439	1,269,228	954,087	511,213	590,484	565,453
<b>Balance Sheet</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
<b>As At</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Stated capital	299,488	299,488	299,488	299,488	299,488	299,488	299,488	299,488	299,488	299,488
Capital reserve	2,968,657	2,270,744	2,274,026	2,277,718	1,790,589	1,875,347	1,818,019	1,357,957	1,443,836	1,447,781
Revenue reserve	10,064,791	8,667,048	7,967,257	7,751,398	7,241,173	6,270,421	5,272,516	4,442,265	3,975,037	3,495,789
	13,332,936	11,237,280	10,540,771	10,328,604	9,331,250	8,445,256	7,390,023	6,099,710	5,718,361	5,243,059
Non-controlling interests	1,947,135	1,696,178	1,284,316	1,135,318	1,135,318	1,026,303	870,373	683,959	634,878	528,264
Non-current liabilities	1,982,504	2,033,584	1,106,615	718,334	718,334	1,377,423	1,786,010	513,383	584,100	585,687
	17,262,575	14,967,043	12,931,702	11,184,902	11,184,903	10,848,982	10,046,406	6,915,703	6,462,036	6,357,010
Property, plant & equipment	5,449,766	4,761,445	4,491,089	4,151,266	3,347,709	3,466,497	3,531,614	2,949,216	3,104,485	3,019,097
Leasehold properties - pre-payments	36,556	40,520	1,622	1,644	1,666	1,688	1,710	1,732	1,754	1,776
Capital work in progress	244,669	32,517	73,701	97,469	31,678	32,853	64,127	49,764	37,952	58,475
Intangible assets	75,965	88,813	7,050	7,705	9,138	11,487	17,286	14,060	5,994	5,994
Investment property	1,145,050	782,000	653,000	638,000	538,750	516,000	493,000	317,000	130,000	130,000
Available for sale financial assets	469,885	367,570	373,695	274,488	34,211	31,629	30,145	25,832	26,925	28,097
Investment in equity accounted investee	401,385	312,874	255,792	277,206	275,286	301,503	823,749	-	-	-
Deferred tax asset	-	-	1,957	3,959	1,774	-	-	-	-	-
Current assets	19,397,017	17,095,595	15,030,878	13,694,440	12,325,252	11,012,139	11,106,443	8,690,869	7,602,055	6,324,309
Current liabilities	(9,957,718)	(8,514,289)	(7,955,123)	(6,346,730)	(5,380,561)	(4,524,814)	(6,021,667)	(4,687,606)	(3,993,462)	(3,105,713)
<b>Capital employed</b>	<b>17,262,574</b>	<b>14,967,043</b>	<b>12,931,702</b>	<b>12,799,444</b>	<b>11,184,903</b>	<b>10,848,982</b>	<b>10,046,406</b>	<b>7,360,867</b>	<b>6,915,703</b>	<b>6,462,036</b>
<b>Ratios</b>										
Gross profit margin	16.98%	17.79%	15.21%	16.19%	22.10%	23.86%	17.67%	16.81%	16.46%	16.61%
Net profit margin after tax	7.75%	5.48%	3.40%	4.69%	8.56%	9.91%	6.61%	4.47%	5.21%	5.49%
Sales growth	21.07%	2.74%	11.88%	10.79%	14.51%	-11.20%	26.04%	11.07%	9.90%	7.70%
Profit growth	49.02%	49.00%	-17.28%	-40.08%	4.07%	35.14%	82.47%	-10.90%	-2.37%	71.61%
Current ratio	1.95	2.01	1.89	2.16	2.29	2.43	1.84	1.85	1.90	2.04
Net asset per share	63.79	53.99	98.73	96.63	87.39	79.08	61.69	50.92	95.48	87.54
Dividend per share	0.75	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	0.70
Earning per share	6.47	7.44	4.67	5.82	9.33	9.13	7.18	3.69	8.93	8.17
Market value per share	35.90	32.30	32.30	41.00	54.50	100.90	76.00	61.00	65.50	62.60
Price earning ratio	5.54	4.18	6.99	7.04	5.84	5.35	10.59	16.55	7.34	7.66
Dividend cover ratio	8.63	4.96	3.08	3.88	6.22	9.13	7.18	3.69	8.93	11.67
Dividend payout ratio	0.12	0.20	0.32	0.26	0.16	0.11	0.14	0.27	0.11	0.09

# REAL ESTATE PORTFOLIO - GROUP

Name of the Owning Company and Location	Land (Acres) Freehold	Buildings (Sq. Ft)	No of Buildings	Net Book Value	
				2021 Rs. 000	2020 Rs. '000
<b>ACL Cables PLC</b>					
Welithotuwa Road, Batakettara, Piliyandala	16.83	253,996	24	1,686,106	1,431,229
Sarabhoomi Housing Scheme, Batakettara, Piliyandala	0.11	1,107	1	10,300	10,000
Ensalwatta, Madapatha Road, Piliyandala	1.21	-	-	82,000	80,000
AMW Premises, Nagoda, Kaluthara	2.76	-	-	73,500	70,500
Venivelkole Mukalana, Korala Ima, Kahathuduwa	13.02	-	-	164,250	158,000
60, Rodney Street, Colombo 08	-	15,288	12	107,000	84,640
	33.91	270,391	37	2,123,156	1,834,369
<b>Kelani Cables PLC</b>					
Wewelduwa, Kelaniya	6.51	97,345	3	592,000	500,448
Mahena Road, Siyambalape	1.08	32,398	1	132,000	87,144
Cinco Watta, Raja Mawatha, Ekala, Ja-Ela	13.00	-	-	650,500	306,000
	20.59	129,743	4	1,374,500	893,592
<b>ACL Plastics PLC</b>					
Temple Road, Ekala, Ja-Ela	3.21	36,579	9	253,000	201,600
Niwasipura, Ekala, Ja-Ela	0.06	1,690	1	16,500	12,780
Suhada Mawatha (Off Samagi Mawatha)	0.13	-	-	10,000	7,500
	3.40	38,269	10	279,500	221,880
<b>ACL Kelani Magnet Wire (Pvt) Ltd</b>					
No.07, Raja Mawatha, Ekala, Ja-Ela	3.53	50,554	7	337,000	257,160
<b>Ceylon Bulbs &amp; Electricals Ltd</b>					
60, Rodney Street, Colombo 08	1.69	24,706	11	939,400	738,000
<b>ACL Metals &amp; Alloys (Pvt) Ltd</b>					
Welithotuwa Road, Batakettara, Piliyandala	-	23,460	1	132,791	85,648
<b>Ceylon Copper (Pvt) Ltd</b>					
Welithotuwa Road, Batakettara, Piliyandala	0.99	7,150	1	87,959	74,161
<b>ACL Electric (Pvt) Ltd</b>					
Miriseatte Estate, Millewa, Moragahahena, Horana	1.51	14,960	1	94,000	92,764
<b>Cable Solution (Pvt) Ltd</b>					
Ranmuthugala Estate , Ranmuthugala , Kadawatha	0	34216	2	136,443	158,686
<b>Total value of land and buildings - (Note 12 and 14)</b>	<b>65.63</b>	<b>593,449</b>	<b>74</b>	<b>5,504,749</b>	<b>4,356,260</b>



# GLOSSARY OF FINANCIAL TERMS

## Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

## Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## Available-for-Sale

Any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

## AWDR

The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

## AWPLR

The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

## Basic Earnings Per Share

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

## Borrowings

All interest bearing liabilities.

## Capital Employed

Total equity, minority interest and interest bearing borrowings.

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Cash Equivalents

Liquid investments with original maturity period of three months or less.

## Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the enterprise.

## Credit Rating

An evaluation of a corporate's ability to repair its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

## Credit Risk

Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

## Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of the entity, the supervision of executive action and accountability to owners and others.

## Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

## Debt /Equity

Debt as a percentage of total equity less minority interest if any.

## Deferred Taxation

The tax effect of temporary differences deferred to/from another period, which would only qualify for inclusion on a tax return at a future date.

## Dividends

Distribution of profits to holders of equity investment.

## Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

## Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment

## Derivatives

Financial contracts whose values are derived from the values of underlying assets.

## Earnings per Share

Earnings Per Ordinary Share (EPS) Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

## Effective Tax Rate

Income tax expenses divided by profit from ordinary activities before tax.

## Equity

Shareholders' funds.

## Fair Value

The amount at which an asset is exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

## Fair Value Through Profit or Loss (FVPL)

Financial instruments that are held for trading and are designated as at fair value through profit and loss.

## Financial Asset

Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

# GLOSSARY OF FINANCIAL TERMS

## **Financial Instruments**

Any contract that gives rise to a financial assets of one entity and financial liability or equity instrument of another entity.

## **Financial Liability**

A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavourable.

## **Gearing**

Proportion of total interest bearing borrowings to capital employed.

## **Held-to-Maturity**

A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

## **Impairment**

Occurs when recoverable amount of an asset is less than its carrying amount.

## **Interest Cover**

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

## **Liquidity Risk**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

## **Loans and receivables**

A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

## **Market Capitalization**

Number of shares in issue multiplied by the market value of a share at the report date.

## **Market Risk**

Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

## **Net Assets Per Share**

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

## **Net Worth**

Total equity less minority interest if any.

## **Operating Profit**

Profit before tax, share of profit of associates and net finance cost.

## **Price Earnings Ratio**

Market price of a share divided by earnings per share as reported at that date.

## **Prudence**

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

## **Related Parties**

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

## **Return on Equity**

Profit before tax divided by total equity less minority interest if any.

## **Return on Total Assets**

Profit before tax plus finance cost divided by total average assets.

## **Revenue Reserves**

Reserves considered as being available for distribution and investments.

## **Segments**

Constituent business units grouped in terms of similarity of operations.

## **Stated Capital**

The total amount received by the Company or due and payable to the Company in respect of issue and calls of shares are referred to as stated capital.

## **Value Addition**

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of material 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 ninth Annual General Meeting of the shareholders of A C L CABLES PLC will be centered from the Registered Office of the Company at No. 60, Rodney Street, Colombo 8, by Audio or Audio Visual means on 28th October 2021 at 9.30 a.m., for the purpose of considering and if thought fit passing the following resolutions as Ordinary Resolutions :-

01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2021 with the report of the Auditors thereon.
02. (a) To re-elect Mr. Ajit Jayaratne who retires by rotation in terms of article No. 85 of the Articles of Association, as a Director  
  
(b) To re-elect Mrs. N C Madanayake who retires by rotation in terms of article No. 85 of the Articles of Association, as a Director
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, 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, 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"
  - (c) "that Mr. Ajit Jayaratne, who has passed the age of 70 years, 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"
  - (d) "that Mr. Hemaka Amarasuriya, who has passed the age of 70 years, 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"
  - (e) "that Mr. Daya Wahalantantiri, who has passed the age of 70 years, 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"

04. To re-appoint Messrs. PricewaterhouseCoopers, as Auditors of the Company and authorize the Directors to determine their remuneration.
05. To authorize the Directors to determine donations to charities.

BY ORDER OF THE BOARD

(Sgd.)  
Corporate Affairs (Private) Limited  
Secretaries

30th September 2021

**Note:**

- (a) The Board of Directors, having considered the constraints of conducting meetings in the midst of the COVID-19 pandemic, in conformity with the national health and safety guidelines have decided to hold the Annual General Meeting by Audio or Audio / Visual means. Hence, details required for the online registration accompanies this Notice.
- (b) Shareholders who wish to participate at the Annual General Meeting through the online platform are kindly requested to complete and forward the Annexure (1) provided with the Annual Report to the email address : investor.relations@acl.lk or post it to the registered address of the Company stated below not less than three (03) days prior to the holding of the meeting. It is important that the shareholders should provide their respective email addresses in the space provided in the Annexure in order to forward the web link if they wish participate at the Annual General Meeting through an online platform.
- (c) The Chairman and certain members of the Board and key officials essential for the administration of formalities and conduct the meeting will be physically present at the Registered Office.
- (d) The date fixed for the Annual General Meeting will not be affected even if a public holiday is declared on such date since the arrangements will be in place to proceed via online platform.







# FORM OF PROXY - ACL CABLES PLC

I/We .....of.....  
 being a Shareholder/ Shareholders of the above Company hereby appoint .....  
 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 28th October 2021 at 9.30 a.m. and at any adjournment  
 thereof.

I / We hereby authorize my/our proxy to vote for me/us and on my/our behalf in accordance with the preferences indicated  
 below.

	IN FAVOR	NOT IN FAVOR
01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2021 with the report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02. (a) To re-elect Mr. Ajith Jayaratne who retires by rotation in terms of Article 85 of the Articles of Association, as Director	<input type="checkbox"/>	<input type="checkbox"/>
(b) To re-elect Mrs. N C Madanayake who retires by rotation in terms of Article 85 of the Articles of Association, as Director	<input type="checkbox"/>	<input type="checkbox"/>
03. (a) To re-appoint Mr. U G Madanayake, who has passed the age of 70 years, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(b) To re-appoint Mrs. N. C. Madanayake, who has passed the age of 70 years, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(c) To re-appoint Mr Ajit Jayaratne, who has passed the age of 70 years, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(d) To re-appoint Mr. Hemaka Amarasuriya, who has passed the age of 70 years, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(e) To re-appoint Mr. Daya Wahalantiri, who has passed the age of 70 years, as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
04. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
05. To authorize the Directors to determine donations to charities.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2021

.....  
 Signature

\*INSTRUCTIONS AS TO COMPLETION OF THE PROXY ARE ON THE REVERSE.

# FORM OF PROXY - ACL CABLES PLC

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy legibly, and by signing in the space provided.
2. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney should accompany the Proxy Form, if such Power of Attorney has not already been registered with the Company.
3. For a corporate shareholder, the Form of Proxy must be completed under the Seal of the Company which should be affixed and attested in the manner prescribed by the Articles of Association.
4. The instrument appointing Proxy along with the registration of shareholder details for online connection enclosed herewith should reach the Registered Office of the Company at No. 60, Rodney Street, Colombo 08, or emailed to [investor.relations@acl.lk](mailto:investor.relations@acl.lk) not less than forty eight (48) hours prior to the time fixed for the meeting.
5. A Shareholder is entitled to appoint a Proxy to attend and vote is entitled to appoint a Proxy to attend and vote online in his stead and a Form of Proxy is attached to this Report for that purpose. A Proxy need not be a Shareholder of the Company.
6. Only the registered shareholders and registered proxy-holders will be permitted to log in and participate in the virtual Annual General Meeting.



**ANNEXURE (1)**

**A C L CABLES PLC**

**Annual General Meeting to be held on 28th October 2021  
Registration of Shareholder details for audio or audio and visual (online) platform**

1. Full name of the Shareholder : .....
- .....
2. Shareholder's address : .....
- .....
3. Shareholder's NIC / Passport No. / Company Registration No. : .....
4. Shareholder's Contact No. (Residence / Mobile) : .....
5. Name of the Proxy-holder : .....
- .....
6. Proxy-holder's NIC No. / Passport No. : .....
7. Proxy-holder's Contact No. (Residence / Mobile) : .....
8. Shareholder's / Proxy-holder's e-mail address : .....

.....  
Shareholder's Signature

.....  
Date



# CORPORATE INFORMATION

## COMPANY NAME

ACL Cables PLC

## REGISTRATION NUMBER

PQ 102

## REGISTERED OFFICE

60, Rodney Street, Colombo 08

## CONTACT DETAILS

Tel : +94 11 7608300

Fax : +94 11 2699503

E-mail : info@acl.lk

Website : www.acl.lk

## BOARD OF DIRECTORS

U. G. Madanayake - Chairman

Suren Madanayake - Managing Director

Mrs. N. C. Madanayake

A. M. S. De S. Jayaratne

Hemaka Amarasuriya

D. D. Wahalantiri

P. S. R. Casie Chitty

Sivakumar Selliah

## GROUP CHIEF FINANCIAL OFFICER

Nishantha Weerakoon

BSc. Bus. Admin. (Sri J), MBA (Sri J),

FCA (SL), FCMA (SL), FCMA (UK)

## SECRETARIES

Messrs. Corporate Affairs (Private) Limited

68/1, Dawson Street, Colombo 02

## AUDITORS

Messrs. PricewaterhouseCoopers

Chartered Accountants

100, Braybrooke Place, Colombo 02

## BANKERS

Standard Chartered Bank

Hatton National Bank PLC

Nations Trust Bank PLC

National Development Bank PLC

Sampath Bank PLC

Commercial Bank of Ceylon PLC

People's Bank

Hongkong & Shanghai Banking Corporation

Seylan Bank PLC

State Bank of India

DFCC

## CREDIT RATING

[SL] A+ (Stable) outlook was reaffirmed from ICRA Lanka Limited, group Company of Moody's Investors Service.

