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INITIAL PUBLIC OFFERING

CONNECT
WITH GREATNESS

PROSPECTUS

ISSUE OPENS ON 23 JULY 2024

ASIA
SECURITIES



INTEGRITY | INSIGHT | INNOVATION

FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE



Cable Solutions

CABLE SOLUTIONS LIMITED

PROSPECTUS

INVITATION TO INVEST IN THE INITIAL PUBLIC OFFERING

**EIGHTY MILLION SEVEN HUNDRED AND EIGHTY SIX THOUSAND SIX HUNDRED (80,786,600)
ORDINARY VOTING SHARES OF CABLE SOLUTIONS LIMITED**

THROUGH A COMBINATION OF AN

**OFFER FOR SUBSCRIPTION OF FOURTEEN MILLION SIX HUNDRED AND SIXTY-SIX THOUSAND
SIX HUNDRED (14,666,600) NEW ORDINARY VOTING SHARES AT LKR 7.50/- PER SHARE**

AND

**OFFER FOR SALE OF SIXTY-SIX MILLION ONE HUNDRED AND TWENTY THOUSAND (66,120,000)
ORDINARY VOTING SHARES AT LKR 7.50/- PER SHARE**

Shares to be listed on the **Diri Savi Board** of the Colombo Stock Exchange

Issue Opens on 23 July 2024

Managers and Financial Advisors to the Issue
Asia Securities Advisors (Private) Limited



4th Floor, Lee Hedges Tower,
349, Galle Road, Colombo 03

This Prospectus is dated 2nd July 2024

RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

This Prospectus has been prepared from the information provided by Cable Solutions Limited ("CSLK"), and from sources available to the public. The Directors of the Company, collectively and individually, having made all reasonable enquiries confirm to the Managers and Financial Advisors to the Issue, that to the best of their knowledge and belief, that this Prospectus contains all information with respect to the Company, which is material in the context of the Issue; that the information contained herein is true and correct in all material respects and is not misleading; that there are no other material facts, the omission of which would, make any statement contained herein misleading; that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Where representations regarding the future performance of CSLK have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions considered to be reasonable at the present point in time in their best judgment.

CSLK accepts responsibility for the information contained in this Prospectus. While CSLK has taken reasonable care to ensure full and fair disclosure of information, it does not assume any responsibility for any investment decisions made by investors based on information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company including the risks involved.

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

The delivery of this Prospectus shall not under any circumstances constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. If any such material change occurs, the same will be notified by the Company via a market announcement to the Colombo Stock Exchange ("CSE").

If you are in any doubt regarding the contents of this Prospectus or if you require any advice in this regard, you should consult a Lawyer, Managers and Financial Advisors to the Issue or any other Professional Advisor.

All Applicants (both resident and non-resident) should indicate their respective National Identity Card (NIC) number or company registration number or passport number as the case may be in the Application Form. Individual resident Applicants should indicate their passport number in the Application Form only if they do not have an NIC number.

As per the Directive of the SEC made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the CDS dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS. **All Applicants should indicate their CDS account number in the Application Form.**

Applicants who do not have a CDS account are advised to open a valid CDS account prior to making the Application, in order to facilitate the uploading of allotted Shares to the CDS.

APPLICATIONS WHICH DO NOT CARRY A CDS ACCOUNT NUMBER, OR WHICH INDICATE AN INCORRECT/INACCURATE CDS ACCOUNT NUMBER SHALL BE REJECTED AND NO ALLOTMENTS WILL BE MADE.

THE ALLOTTED SHARES SHALL BE CREDITED TO THE APPLICANT'S CDS ACCOUNT AS INDICATED IN THE APPLICATION FORM.

PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

You may open a CDS account through any Trading Participants of the CSE as set out in Annexure 6 or through any Custodian Bank as set out in Annexure 6 of this Prospectus. You can also open a CDS account through the 'CSE Mobile App'. The CSE mobile application can be downloaded from the Apple App Store (For Apple IOS Users) or the Google Play Store (For Google Android Users).

The Colombo Stock Exchange ("CSE") has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the shares which is decided solely by the Issuer.

REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration. The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

The Written Consent of the Financial Advisors and Managers to the Issue

Asia Securities Advisors (Private) Limited, the Financial Advisors and Managers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Financial Advisors and Managers to the Issue.

The Written Consent of Independent Valuer

KPMG Sri Lanka has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the Research Report in the form in which it is included in the Prospectus.

The Written Consent of the Registrars to the Issue

The Registrars to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Registrars to the Issue in the Prospectus.

The Written Consent of the Auditors and Reporting Accountants to the Company and to the Issue

The Auditors and Reporting Accountants to the Company and to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors and Reporting Accountants to the Company and to the Issue and for the inclusion of the Accountants' Report in connection to the Issue in the Prospectus.

The Written Consent of the Lawyers to the Issue

The Lawyers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Issue in the Prospectus.

The Written Consent of the Bankers to the Issue

The Bankers to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Bankers to the Issue in the Prospectus.

The Written Consent of the Company Secretary

The Company Secretary has given and has not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Company Secretary in the Prospectus.

The Declaration by the Directors

A declaration has been made by each of the Directors of the Company confirming that each of them has read the provisions of the Companies Act No. 7 of 2007 (as amended) relating to the issue of the Prospectus and that those provisions have been complied with.

Representation

No person is authorized to give any information or make any representation not contained in this prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

Registration of the prospectus in jurisdictions outside Sri Lanka

This prospectus has not been registered with any authority outside of Sri Lanka. Non-resident investors may be affected by the laws of the jurisdictions of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making their investment.

Forward Looking Statements

Any statements included in this prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward-looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company’s ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company’s actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this prospectus, investors are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see Future Strategies, Assumptions associated with the future strategies and Risks associated with the future strategies in Section 3.6

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ISSUE AT A GLANCE

Issuer	Cable Solutions Limited
Type of Offer	An Initial Public Offering comprising of an Offer for Subscription and Offer for Sale
Number and Type of Securities to be Offered	80,786,600 Ordinary Voting Shares
Issue Price	LKR 7.50 per Share
Total Amount of the Initial Public Offering	LKR 605,899,500/-
Selling Shareholder(s)	<ul style="list-style-type: none"> - Ms. Jyoti Nand Tejwani - Rosewood (Pvt) Ltd - Associated Electrical Corporation Limited - Perera & Sons (Bakers) (Private) Limited
Offer for Subscription	Issuance of 14,666,600 New Ordinary Shares at the Share Offer Price of LKR 7.50/- amounting to a total subscription of LKR 109,999,500/-
Offer for Sale	Subject to there being a minimum subscription of 14,666,600 Shares through the Offer for Subscription, an Offer to Sell, by the Selling Shareholders, of 66,120,000 Ordinary Shares at the Share Offer Price of LKR 7.50/- amounting to a total consideration of LKR 495,900,000
Minimum Subscription per Application	<p>Minimum subscription per Application is 100 Shares (LKR 750/-). Applications exceeding the minimum subscription should be in multiples of 100 Shares.</p> <p>Minimum subscription of 100 Shares will be allotted to each successful Applicant.</p>
Opening of the Subscription List (Offer Opening Date)	23 July 2024
Closure of the Subscription List (Offer Closing Date)	09 August 2024
Earliest Closing Date	23 July 2024
Basis of Allotment	As described in Section 1.11 of this Prospectus
CSE Listing	To be listed on the Diri Savi Board of the CSE, subject to compliance with the CSE Listing Rules and the SEC Directives

CORPORATE INFORMATION

Issuer	Cable Solutions Limited
Date of incorporation	25-Feb-2008
Place of incorporation	Colombo, Sri Lanka
Legal form	Incorporated in Sri Lanka as a Private Limited Company on 25th February 2008 under the provisions of Companies Act No. 7 of 2007 and converted into a limited liability company on 6th October 2023. Authority of Incorporation: Registrar of Companies (ROC), Sri Lanka
Company registration number	PB00286030
Registered office and current place of business	Ranmuthugala Estate, Ranmuthugala, Kadawatha, Sri Lanka
Board of directors	<ol style="list-style-type: none"> 1. Mr. Suren Madanayake – Chairman – Non-Executive Director 2. Mr. Chehan Perera – Independent Non-Executive Director 3. Mr. Pawan Tejwani – Chief Executive Officer/Managing Director (Executive) 4. Mr. Daya Wahalatanatri – Non-Independent Non-Executive Director 5. Mr. U G Madanayake - Non-Independent Non-Executive Director 6. Mr. Gihan Perera - Independent Non-Executive Director 7. Mr. Kusal Jayawardana - Independent Non-Executive Director 8. Mr. Mahesh Amarasiri - Non-Independent Non-Executive Director 9. Mr. Avishka Perera (Alternate Director to Mr. Gihan Perera and is an Independent Non-Executive)
Company secretaries	Nexia Corporate Consultants (Private) Limited No.130, Level 2, Nawala Road, Narahenpita, Colombo 05. Tel: +94 11 236 8154
Auditors to the company	BDO Partners Chartered Accountants "Charter House", 65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02.
Bankers to the company	<p>Standard Chartered Bank 37, York Street, Colombo 01. Tel: +94 112 480 000</p> <p>Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02. Tel: +94 114 730 630</p> <p>DFCC Bank PLC 73, W A D Ramanayake Mawatha, Colombo 02. Tel: +94 112 350 000</p> <p>Hatton National Bank PLC 479, T.B. Jayah Mawatha, Colombo 01. Tel: +94 112 462 462</p>

RELEVANT PARTIES TO THE ISSUE

Managers and financial advisors to the issue	Asia Securities Advisors (Private) Limited 4th Floor, Lee Hedges Tower, 349, Galle Road, Colombo 03. Tel: +94 117 722 000 Fax: +94 11 237 2421
Legal advisors and lawyers to the issue	Nithya Partners 97A, Galle Road, Colombo 03. Tel: +94 11 471 2628
Auditors and reporting accountants to the issue	BDO Partners, Charter House, 65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02. Tel: +94 11 2573485 Fax : +94 11 2573609
Registrars to the issue	Central Depository Systems (Pvt) Ltd Ground Floor M&M Center, 341/5, Kotte Road, Rajagiriya. Tel: +94 11 2356444 Fax : +94 11 2440396
Bankers to the issue	NDB Bank PLC No. 40, Nawam Mawatha, Colombo 02. Tel: +94 11 744 8448 Fax: +94 11 230 5031
Company secretary	Nexia Corporate Consultants (Private) Limited No.130, Level 2, Nawala Road, Narahenpita, Colombo 05. Tel: +94 11 236 8154

GLOSSARY OF TERMS AND ABBREVIATIONS

%	Percentage
ACL	ACL Cables PLC
ACL Group	ACL Cables PLC and its subsidiaries
Applicant/s	Any investor who submits an Application Form under this Prospectus
Application Form, Application	The Application Form that constitutes part of this Prospectus through which the investors may apply for the Shares
Articles of Association	Articles of Association of Cable Solutions Limited
AWPLR	Average Weighted Prime Lending Rate
Bn	Billion
BOI	Board of Investment of Sri Lanka
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Private) Limited
CEFTS	Common Electronic Fund Transfer Switch
CEO	Chief Executive Officer
Companies Act	Companies Act No. 07 of 2007 (as amended)
Company, CSLK	Cable Solutions Limited
Corporate Governance Rule/s	Corporate Governance Rules as per Section 9 of the CSE Listing Rules
CSE	Colombo Stock Exchange
CSIN	Cable Solutions Private Limited, India
Directors	The Directors for the time being of the Company, unless otherwise stated
EPS	Earnings Per Share
Foreign Investor	Citizens of Sri Lanka who are resident outside Sri Lanka and above 18 years of age; Corporate bodies incorporated or established outside Sri Lanka; Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas) Regional and country funds approved by the SEC Please refer Section 2.1 for further information
Float Adjusted Market Capitalisation	Public shareholding percentage of the Company multiplied by the Market Capitalisation of the Company. Market Capitalisation is based on the Share Issue Price
FY21	Financial Year Ended 31 March 2021
FY22	Financial Year Ended 31 March 2022
FY23	Financial Year Ended 31 March 2023
FY24	Financial Year Ended 31 March 2024
GST	Goods and Services Tax
IIA	Inward Investment Account
IPO	Initial Public Offering
Issue, Offer for Subscription	An invitation to the public by the Company to subscribe to the Offered Shares to be issued via an Offer for Subscription as detailed in this Prospectus
LKR	Sri Lankan Rupees
Mn	Million
NAV	Net Asset Value
New Shares	14,666,600 Ordinary Voting Shares to be issued by the Company to the public at the Share Offer Price

Offer/Offering/IPO	The Offer for Subscription of New Shares and the Offer for Sale of Vendor Shares proposed to be offered simultaneously at the Share Offer Price in terms of this Prospectus
Offered Shares	Eighty Million Seven Hundred and Eighty Six Thousand Six Hundred (80,786,600) Ordinary Voting Shares offered to the public through the Offer for Subscription and the Offer for Sale
NIC	National Identity Card
No.	Number
Offer Closing, Closure Date	The date of closure of the subscription list as set out in Section 1.9 of this Prospectus
Offer Opening Date	The date of opening of the subscription list as set out in Section 1.9 of this Prospectus
Ordinary Shares, Shares, Ordinary Voting Shares and Paid-up Ordinary Shares	Ordinary Shares of the Company, with the right to one vote per share on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation
P/E	Price to Earnings Ratio
P/BV	Price to Book Value Ratio
POA	Power of Attorney
Prospectus	This Prospectus dated 02 July 2024 issued by the Company
RM	Raw Material
ROE	Return on Equity
RTGS	Real-time Gross Settlement
SEC	Securities and Exchange Commission of Sri Lanka
Share Offer Price, Share Issue Price	The price at which the Offered Shares will be offered to the public, as detailed in the Prospectus, i.e. LKR 7.50 per Ordinary Voting Share
SL	Sri Lanka
SLIPS	Sri Lanka Inter-bank Payment System
Stated Capital	The Stated Capital of Cable Solutions Limited
VAT	Value Added Tax
Vendor Shares	Sixty Six Million One Hundred and Twenty Thousand (66,120,000) Ordinary Shares offered via Offer for Sale by the Selling Shareholders at the Share Offer Price

1. DETAILS OF THE ISSUE

1.1 Invitation to Subscribe

Applications are invited from the public to purchase Eighty Million Seven Hundred and Eighty Six Thousand Six Hundred (80,786,600) Ordinary Voting Shares at a Share Issue Price of Sri Lankan Rupees Seven and Fifty Cents (LKR 7.50/-) per share payable in full on application on the terms and conditions set out in this Prospectus.

The Offering constitutes two tranches, details which are listed below:

Table 1.1: The Offering

Description	Number of Ordinary Shares on Issue	Value at Share Issue Price (LKR)	Percentage of Post Issue (%)
Offer for Subscription of New Shares	14,666,600	109,999,500	3.12
Subject to there being a minimum subscription to 14,666,600 Shares on the Offer for Subscription, an Offer for Sale of Shares held by Ms. Jyoti Nand Tejwani	22,800,000	171,000,000	4.84
Subject to there being a minimum subscription to 14,666,600 Shares on the Offer for Subscription, an Offer for Sale of Shares held by Rosewood (Pvt) Ltd	11,400,000	85,500,000	2.42
Subject to there being a minimum subscription to 14,666,600 Shares on the Offer for Subscription, an Offer for Sale of Shares held by Associated Electrical Corporation Limited	22,800,000	171,000,000	4.84
Subject to there being a minimum subscription to 14,666,600 Shares on the Offer for Subscription, an Offer for Sale of Shares held by P&S Bakers (Pvt) Ltd	9,120,000	68,400,000	1.94
Total	80,786,600	605,899,500	17.16

1.2 Selling Shareholders

The shareholders mentioned below are offering for sale Sixty Six Million One Hundred and Twenty Thousand (66,120,000) existing Ordinary Voting Shares amounting to 14.05% of the Ordinary Voting Shares of the Company (post IPO) in order to facilitate the listing of the Ordinary Shares on the CSE.

Table 1.2 Divestiture of Existing Shares

Selling Shareholder	Number of Shares Held as at the Date of the Prospectus	Number of Shares Offered via IPO	Percentage (%) of Holding (Post-IPO)	Date of Acquisition
Ms. Jyoti Nand Tejwani	22,800,000	22,800,000	0.00	14th February 2022
Rosewood (Pvt) Ltd	22,800,000	11,400,000	2.42	19th December 2019
Associated Electrical Corporation Limited	22,800,000	22,800,000	0.00	19th December 2019
Perera & Sons (Bakers) (Private) Limited	18,240,000	9,120,000	1.94	19th December 2019

The above-mentioned Selling Shareholders have complied with Rule 2.1.1 (e) (i) of the CSE Listing Rules.

Rosewood (Pvt) Ltd is the Investment arm of the Hirdaramani Group and is part of the consortium that invested into Cable Solutions Limited.

Associated Electrical Corporation Limited was founded in 1963 as a proprietary organisation with expertise in electrical design engineering and construction. In 1985, expanding industry and greater opportunities necessitated a change in infrastructure and they became a Private Limited Company.

Perera & Sons (Bakers) (Private) Limited is one of Sri Lanka's renowned food and beverage companies with over 203 outlets spread across 12 districts. The company also has around 13 production units with a staff of approximately 1,600 employees.

1.3 Nature of the Offered Shares

From the date of allotment, the New Shares shall rank equal and pari passu in all respects with the existing Ordinary Voting Shares and each New Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

From the date of completion of the transfer of the Vendor Shares to the Applicant, which date shall be even to the date of allotment of the New Shares, referred to above, such Vendor Shares shall rank equal and pari passu, in all respects with the existing other Ordinary Shares and the New Shares allotted in terms of this Prospectus, and such Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

1.4 Size of The Offering

If fully subscribed, the Company and the Selling Shareholders, shall raise Sri Lankan Rupees One Hundred and Nine Million Nine Hundred and Ninety-Nine Thousand Five Hundred (LKR 109,999,500/-) and Sri Lankan Rupees Four Hundred and Ninety Five Million Nine Hundred Thousand (LKR 495,900,000/-) respectively constituting a total of Sri Lankan Rupees Six Hundred and Five Million Eight Hundred and Ninety Nine Thousand Five Hundred (605,899,500/-).

1.5 Share Offer Price

The Share Offer Price will be Sri Lankan Rupees Seven and Fifty Cents (LKR 7.50/-). The Board of Directors of CSLK is of the opinion that the Share Offer Price is fair and reasonable to the Company and to all existing Shareholders of the Company in terms of the Companies Act.

A summary of the valuation methods used to determine the Share Offer Price is as follows:

Table 1.3 Summary of Valuation

Valuation Method	Value per Share (LKR)	Weightage	Discount to the Share Offer Price (%)
Discounted Cash Flow Valuation	10.3	100%	27.3%

The Share Offer Price of LKR 7.50/- per Share is at a 27.3% discount to the Discounted Cash Flow Valuation mentioned above. This IPO discount is provided to investors in order to provide a potential upside on the investment.

The Net Asset Value (NAV) per Share and the Price to Book Value (P/BV) at the Share Offer Price are as follows:

Table 1.4 NAV per Share, P/BV at Share Offer Price

As at	Net Assets Value (LKR Mn)	Net Assets Value per Share (LKR)	P/BV at Share Offer Price (x)
March 31, 2022	721	1.58	4.74
March 31, 2023*	1,717	3.76	1.99

* FY23 financials reflect the consolidated group figures for CSLK. The group was formed in January 2023.

The investors should read the quantitative and qualitative factors given in Section 1.8, and the details of the Company and its financial statements included in this Prospectus.

1.6 Objectives of the Fund Raising via Offer for Subscription

The funds raised through the Offer for Subscription will be utilized in the order of priority indicated in the table below:

Table 1.5 Funds utilization

Description	Financing Requirement (LKR)	Indicative Timelines
Capex - Machinery	90,000,000	October to December 2024
Working Capital	19,999,500	October to December 2024

1. DETAILS OF THE ISSUE

The minimum subscription required to meet the Capex – Machinery objective stated above is 12,000,000 Shares, which amounts to LKR 90,000,000.

The minimum subscription required to meet the Working Capital objective stated above is 2,666,600 Shares, which amounts to LKR 19,999,500.

Based on the latest interim financials, the company's total working capital requirement amounts to approximately LKR 1.3 billion. Of this, the IPO proceeds will fund LKR 19,999,500, with the remainder being supported by existing banking facilities. The IPO proceeds allocated for working capital will be utilized in purchase of raw materials.

It should be noted that, CSLK intends to invest the funds raised via Offer for Subscription in instruments such as fixed deposits, treasuries or equivalent fixed income instruments at the prevailing rate of return until such funds are utilised for the corresponding objectives identified above. The Board will invest such funds, whilst adhering to the said investment policy during the interim period until deployment towards objectives mentioned in Section 1.6.

The company does not intend to utilise the funds raised through the IPO for any related party transactions. However, in the event the Company decides to utilise proceeds for any related party transactions, such utilisation would be carried out subject to the review of the Related Party Transaction Review Committee and in compliance with Section 9 of the CSE Listing Rules by obtaining requisite approvals prior to carrying out such transactions.

Please note that the funds raised by the issue does not amount to a “Major Transaction” according to Section 185 of the Companies Act No.07 of 2007.

1.6.1 Capex - Machinery

Table 1.6 Capex - Machinery

Machine Name	Description	Purpose	Amount (LKR)
80-50 Extrusion Line*	The Extrusion line 600EXJ80/50 is a multi-purpose designed machine to make automotive and solar cables. The quotation has been obtained from Singcheer (renowned Chinese Supplier) and the new model of Singcheer's extruders will run more stably for a long duration with low noise. The user-friendly control system and software by Singcheer will make the operation easier with high automation. The max production speed is 600m/min. This extruder machine is of high speed, has very controlled parameters and is semi automatic.	The 80-50 extrusion line is the replacement for the old 65 Extruder machine, where the power consumption was high and the production efficiency was low due to the lower output speed. The new extruder machine is a high-speed machine, that can allow to produce cables up to 600m/min. The production efficiency is also increased because of the automatic changeover take-up and quicker set-up due to the user-friendly operating system, allowing faster recipe entering and recipe management. Power consumption will also be lower, resulting in larger energy cost savings.	90,000,000

* The value of the machinery is based on quotations obtained by the company from the respective suppliers.

The value of the machinery does not incorporate any amount payable for goodwill.

The respective suppliers whom the company is evaluating for the purchase of the above machinery are not related parties to CSLK.

1.7 Risks Associated with the Objectives of the Issue

1.7.1 Risk of delay in procuring the new machinery

This may arise from delays in procuring the new machinery needed in the production process. The machinery stated under objective 1.6.1 is not manufactured in Sri Lanka and will have to be imported from China. There is a risk of new import restrictions being issued based on the status of the foreign currency volatilities in the country. However, given the recent economic recovery and Sri Lanka's alignment to IMF program, we do not foresee a significant change in the existing policies to negatively impact implementation of this objective.

1.7.2 Risk of LKR depreciation against foreign currencies

The depreciation of the LKR against the USD will affect objective 1.6.1 mentioned above. As the expenditures for the ultimate objectives will primarily be met in USD, any depreciation of the LKR between the raising of the IPO proceeds and the utilization of the proceeds as per the timeline will decrease the USD funds available. This will lead to increases in estimated cost of the Machinery which will have an

impact on the viability and profitability of the usage of the asset. The Company will continually be involved in monitoring all the costs, assessing any variances and taking required action to ensure that the said investments are within its estimated cost.

Moreover, CSLK primarily relies on copper as its main raw material, which it procures from foreign suppliers. We perceive minimal risk associated with allocating funds towards the procurement of raw materials, as this constitutes only a small portion of the total working capital requirement.

1.7.3 Risk of not being able to utilise the IPO proceeds on a timely basis or for the objectives specified under section 1.6

CSLK does not intend to deviate from any objectives mentioned above when utilising the proceeds raised through the Offer for Subscription. However, there is a possibility of delays in investment of the funds for various reasons as explained under Section 1.7.1 and 1.7.2.

If the entirety of IPO proceeds is not utilized within the defined timelines in Section 1.6 above, such funds will be invested in other short term instruments such as short term fixed deposits,

treasury securities and other short term fixed income instruments at the prevailing rate of return. In the event the Company is compelled to utilize the proceeds raised for any purpose, other than the purpose mentioned or any deviation from the stipulated time frame to achieve such objective or any deviation from amount allocated for such objective, the Company will make necessary disclosures to the Shareholders via the CSE and include relevant disclosures in the Interim Financial Statements and Annual Report as appropriate. Further, the Company will take necessary steps to obtain the approvals of the relevant parties including the shareholders at that point in time and make necessary disclosures as appropriate.

In the event the proceeds raised through Offer for Subscription have been fully utilized by the Company for any objective as disclosed in the Prospectus between two financial periods, the Company would disclose such fact (in the format detailed below) in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first, subsequent to the utilization of such proceeds in its entirety:

Table 1.7 Continuous Disclosure on Utilization of Proceeds of the Issue

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus	Proposed Date of Utilization as Per Prospectus	Amount allocated upon the receipt of proceeds in LKR	As a % of total proceeds	Amount Utilized in the Objective	% of utilised against allocation (B)	Clarification if not fully utilised including where the funds are invested
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-

1. DETAILS OF THE ISSUE

1.8 Quantitative and Qualitative Factors Pertaining to the Offering

1.8.1 Qualitative Factors

The following qualitative factors were considered in arriving at the Issue Price.

- **There is a duty benefit to Indian customers on account of the Free Trade Agreement with India**

Due to the Free Trade Agreement with India, through CSIN, there would be duty benefit which could benefit Indian customers in terms of pricing.

- **CSLK is a BOI Company and thereby, can avail itself of benefits, concessions given by the BOI**

Companies which have been registered with the BOI, are able to benefit from a wide array of benefits which include Fiscal and Non-Fiscal Incentives.

- **No duty on imported raw material**

The exemption of duty on imported raw material will greatly benefit CSLK, as they would be able to increase their margins and price products more competitively vis-à-vis other international specialist cable manufacturers.

- **Since a relatively large portion of sales are from deemed exports (which are sales to other BOI registered companies), the hassle is less in terms of BOI-to-**

BOI company sales (tariff wise, transport costs wise etc.)

As mentioned, being a BOI registered company will greatly benefit the Company in terms of exports as well.

- **Location advantage for deemed exports - Customers can obtain the required material from Sri Lanka through CSLK**

Optimizing the geographical positioning of products within the deemed exports segment stands to yield substantial advantages through seamless access to CSLK. This strategic location facilitates a cost-efficient procurement of essential materials, thereby contributing to a significant reduction in overall production expenses. The consequential advantages extend beyond transportation cost savings, as the deemed export customers also enjoy diminished expenditures attributed to the absence of inventory handling and storage costs.

Furthermore, CSLK's geographically advantageous position eliminates the need for deemed export customers to engage in the importation of materials from foreign jurisdictions. This not only streamlines the supply chain but also shields against potential complexities and expenses associated with international sourcing.

In essence, CSLK's strategic location serves as a pivotal asset for the deemed

exports segment, fostering a cost-effective and operationally efficient environment for the sourcing and production of materials.

- **Product customization generates significant advantages**

Most of CSLK's products are customized to each customer's requirements and specifications after going through a rigorous evaluation and product approval process. The strong R&D and engineering capabilities enable cables manufactured by CSLK to command better margins. This is also seen by the fact that CSLK has a relatively high ROE despite gearing levels being relatively low.

- Goods can be imported at a concessionary rate. But if imported from India, more duty needs to be paid
- Location advantage - 10 to 20 minutes away from port, airport
- Synergies with parent company

While the cables produced by ACL Cables PLC ("ACL"), the parent company of CSLK are different, there are synergies that CSLK enjoys with ACL in sourcing raw materials, distribution, and cross selling of products.

1.8.2 Quantitative Factors

The following quantitative factors were used to determine the Issue Price.

A. CSLK's Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings (P/E) Ratio

Table 1.8 Historical and Adjusted Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E)

Based on Reported Financials	Basic EPS (LKR)	Diluted EPS (LKR) ²	Return on Equity ³	P/E Ratio ⁴
31st March 2022	0.51	0.51	31%	14.64
31st March 2023	1.18	1.18	29%	6.37
Average¹	0.84	0.84	30%	10.51
12 Months Ended 31st March 2024 (interim)	0.46	0.46	12%	16.22

Source: CSLK Audited Financial Statements, CSLK Unaudited Financial Statements

1. Average calculated on the previous two years P/E ratios

2. CSLK does not have any dilutive instruments in the capital structure

3. Return on Equity calculated as Net Profit after Tax divided by Net Assets as at the end of the Period

4. P/E Ratio of CSLK is calculated on the IPO Issue Price of LKR 7.50

*Figures are taken after the company underwent a share split of 1:400 on 6th October 2023

**CSLK records its financial statements in USD

B. CSLK's P/E in relation to the Offer Price of LKR 7.50 per Share

- Based on Basic and Diluted EPS of LKR 1.18 for the Financial Year ended 31st March 2023, the P/E Ratio is 6.37 times.
- Based on the two-year average (FY22 – FY23) EPS of LKR 0.84, the P/E ratio is 10.51 times.
- Industry P/E details are not provided as there are no direct comparable listed entities for CSLK as per Appendix C of CSE Listing Rules.

C. CSLK's Net Asset Value (NAV) per Share and Price-to-Book Value (P/BV) Ratio

- Based on the NAV per Share in the latest audited financial statements as at 31st March 2023 of LKR 3.76, the P/BV ratio is 1.99 times.
- Based on the NAV per Share in the latest unaudited interim financial statements as at 31st March 2024 of LKR 3.61, the P/BV ratio is 2.08 times.
- Post-IPO NAV per Share is LKR 3.50, adjusted to reflect the NAV as at 31st March 2024 (LKR 3.61) and number of shares in issue assuming the full subscription of the shares issued via the IPO.
- Offer Price: LKR 7.50

D. Comparison of Accounting Ratios of the Industry

As per Appendix 3C of CSE listing rules, there are no direct peers listed on the CSE which have a similar business model to CSLK. The independent valuation report predominantly relies on multiples derived from foreign peers comparable to CSLK.

Peer comparison based on the companies listed in the independent valuation report dated 31st December 2023 is as follows:

Table 1.9 Comparison of Accounting Ratios of Peers

Name of Peer Entity	Basic EPS (LKR)	NAV Per Share** (LKR)	P/E Ratio* (Times)	ROE
Delton Cables Limited	2.67	261.75	95.72	1.0%
Cybele Industries Ltd	1.20	102.64	55.83	1.2%
Cords Cable Industries Limited	22.25	491.07	11.23	4.60%
Ultracab (India) Limited	2.43	13.36	27.79	20.0%
Relicab Cable Manufacturing Limited	5.94	43.39	52.83	14.7%
Jigar Cables Limited	5.82	88.80	18.36	6.8%
V-MARC India Limited	18.26	151.41	8.69	14.0%
Kelani Cables PLC	127.84	428.20	2.10	34.7%
Sierra Cables PLC	1.32	7.97	9.09	17.6%

Source: Capital IQ, <https://www.capitaliq.com/CIQDotNet/Login-okta.aspx>, Accessed on 26th April 2024

*Closing Price as at 31st March 2023 and the earnings for the trailing twelve months up to 31st March 2023 have been considered for the TTM PER calculation.

**Equity Value as at 31st March 2023

The statistics of unlisted peers have not been considered for the comparison

1.8.3 Approval or licenses from Other Regulators

No prior approvals are required from other regulatory bodies for the proposed issue or objective.

CSLK's Board of Investment Agreement necessitates prior notification to the BOI in case of any issuance or transfer of shares. The Company has duly submitted the requisite notification to the BOI to meet this obligation and received written confirmation of no objection from BOI.

The Company does not hold any periodic licenses from regulatory bodies that are essential for carrying out its main business activities.

1.9 LISTING

The Ordinary Voting Shares offered via the Offer for Subscription and Offer for Sale will represent 17.16% of the Company's Issued Ordinary Shares.

An Application has been made and approved in principle by the CSE for permission to deal in and for a listing of Four Hundred and Seventy Million Six Hundred and Sixty-Six Thousand Six Hundred (470,666,600) Ordinary Voting Shares of the Company, being the entirety of the Shares to be in issue by CSLK post IPO, which will take place on the Diri Savi Board of the CSE.

However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

Upon listing and raising the required funds, CSLK will be in compliance with Rule 2.1.2 A (ii) (a).

CSLK is already in compliance with Rule 2.1.2 A (ii), (b) and (d) of the CSE Listing Rules.

It is expected that the Company will meet the minimum public holding requirement set out in the CSE Listing Rules 2.1.2 A (ii) (c), post the IPO, pursuant to which the listing of the entire Ordinary Shares of the Company will take place on the Diri Savi Board of the CSE.

However, in the event the Offering is undersubscribed, and thereby CSLK being unable to meet the above requirements, upon closure of the Issue, the Ordinary Voting Shares of the Company will not be listed on the CSE and the Company will return all monies received from Applicants within Eight (08) Market Days from the Issue Closing Date.

The aforesaid public holding requirements would be calculated by considering all Shares that are freely tradable on the date of listing. The details of Shares subject to lock-in are mentioned in Section 3.4 of the Prospectus.

1. DETAILS OF THE ISSUE

1.10 OPENING AND CLOSING DATE OF SUBSCRIPTION LIST

The subscription list for the Shares Offered will open at 9.00 a.m. on 23rd July 2024 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 09th August 2024. In the event of an oversubscription of the Offered Shares prior to the Issue Closing Date, the Company shall inform the CSE in writing immediately of such fact and the subscription list shall be closed on the same day at 4.30 p.m., with written notification to the CSE.

In the event that the Company decides to close the issue before full subscription, the Company shall inform the CSE in writing immediately of such fact and the subscription list shall be closed on the following market day at 4.30 p.m., with written notification to the CSE.

1.11 BASIS OF ALLOTMENT

The basis of allotting the Shares will be as per the manner prescribed in the CSE Listing Rule 2.1.1 (g) I. (ii), since the value of the Offering is less than LKR 3.00 billion. In the event of an undersubscription of the Offering, the New Shares offered via the Offer for Subscription would be given first priority in allocating the Shares subscribed through the Offering and any remaining subscriptions received under the Offering would be allotted to the Vendor Shares offered via the Offer for Sale component of the Offering to the extent possible. The basis of allotment will be as follows:

Table 1.10 Basis of Allotment

Investor Category	Percentage of Issue Allocated
Retail Individual Investors	40.00%
Unit Trusts Investors	10.00%
Employees and Directors	10.00%
Non-Retail Investors	40.00%
Total	100.00%

In determining the basis of allotment within the Retail Individual Investor Category, individual investors who subscribe for a small number of shares shall be given priority.

'Retail Individual Investor' shall mean an individual investor who subscribes for a value of not more than Rupees One Hundred Thousand (LKR 100,000).

'Unit Trust Investor' includes growth or balanced Unit Trusts operated by Managing Companies licensed by the Securities and Exchange Commission of Sri Lanka (SEC) to operate such Unit Trusts, where such Unit Trust comprises of not less than Five Hundred (500) unit-holders resident in Sri Lanka who together hold at least 50% of that fund.

Please note that the Company will examine whether the Applicants under Unit Trusts investor category comply with criteria defined by the SEC Directive dated 06th June 2011 (SEC/LEG/11/06/01) and CSE Listing Rule 2.1.1 (g) (ii) (b).

'Employee and Director' shall mean employees and directors of CSLK. The basis of allotment for the Employees and Directors Category will be at the discretion of the Board of Directors of the Company.

The Board of Directors of CSLK reserves the right to preferentially allot up to 100.0% of the Shares available/ allocated for allotment under the Employee Category.

'Non-Retail Investor' category shall include investors who do not fall under the 'Retail Individual Investor', 'Unit Trusts Investor' and 'Employee and Director'.

Immediately after the basis of allotment being decided by the Board of Directors of the Company an announcement will be made to the CSE. The Company will notify successful Applicants on the allotment of Shares to them within Ten (10) market days from the date of closure of the Offering.

In the event of an under subscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in the allotment of the unsubscribed Shares.

In the event of an under subscription in the Unit Trust Investor Category, the Retail Individual Investor Category shall be given first priority in allotment of the unsubscribed Shares.

In the event of an under subscription in any one or more of the categories, the quantum of Shares unsubscribed may be redistributed to other categories that may be oversubscribed in a fair manner at the discretion of the Board of Directors.

Subject to the above, in the event of an oversubscription in any one or more of the categories, in spite of the aforementioned distribution, the New Shares will be allotted at the discretion of the Board of Directors of the Company in a fair manner.

Redistribution will not apply in the event of an oversubscription or under subscription in all the categories.

The Company will notify successful Applicants on their allotment within Ten (10) market days from the date of closure of the Issue, as required by the CSE.

The Board of Directors of CSLK reserves the right to preferentially allot up to 50% of the Shares available for allotment under the Non-Retail Investor Category (up to 20% of the issued IPO Shares) to identified investors (e.g. Foreign/Local Institutional Investors, and other High Net Worth Individuals) who apply through this category under the IPO. However, in the event of an undersubscription in the totality of the Unit Trust Investor Category and the Retail Individual Investor Category (after fully allotting to all such Applicants), the

quantum of Shares unsubscribed may be redistributed to the preferential allotment so long as 20% of the issued IPO Shares are allotted to the non-retail investor category for which no preferential allocation is given provided there is no undersubscription in the non-retail investor category.

1.12 COST OF THE OFFER

The Directors of the Company estimate that the total cost of the Share Offer will be approximately LKR 25 Mn, translating to 4.13% of the funds raised.

The above cost estimation includes the initial listing fees, fees payable to the Managers and Financial Advisor to the Issue, Registrars to the Issue, Bankers to the Issue, Lawyers to the Issuer, Independent Valuers to the Issue, advertising and promotional agency, costs of postage, stamp duty and printing, and brokerage commission. These costs will be borne proportionately by the Selling Shareholders and the Company, the latter using internally generated funds of the Company.

1.13 BROKERAGE

Brokerage at the rate of zero decimal five per centum (0.50%) will be paid by the Company in respect of the number of shares allotted on Applications bearing the stamp of any trading participant of the CSE or Managers and Financial Advisors to the Issue.

1.14 MINIMUM SUBSCRIPTION AND UNDERWRITING

No underwriting arrangement has been made by the Company for this Share Issue. The issue is conditional upon a minimum subscription of LKR 88,600,000 which would enable the company to meet the minimum capital requirement of LKR 100,000,000 to list on the Diri Savi Board. In the event the minimum subscription amount is not met, the company shall refund in full all the funds realized at the IPO to the relevant subscribers and in such an instance, the Ordinary Voting Shares of the Company will not be listed on the CSE.

However, in the event the offer is undersubscribed but meets the minimum subscription, the subscribers shall be allotted/allocated in full and funds raised via the offer for subscription together with internally generated funds and/or external borrowings shall be utilized to meet the objectives of the issue set out in section 1.6 and subject to the conditions set out under section 1.9 – Listing, above.

1.15 INSPECTION OF DOCUMENTS

Certified copies of the following documents will be available for inspection during normal business hours at the Registered Office of **Cable Solutions Limited, Ranmuthugala Estate, Kadawatha, Sri Lanka**, from the date hereof, until the subscription list is closed or up to 14 market days, whichever is later.

- a) Articles of Association
- b) Auditors report and audited financial statements for the financial year ended 31st March 2023
- c) Material contracts and Management agreements, if any
- d) Reports, letters, valuations and statements by any expert, any part of which is extracted or referred to in this Prospectus
- e) The audited accounts of the Company for five (5) financial years immediately preceding the publication of this Prospectus

The Prospectus and the Articles of Association of the Company will also be hosted on the Company's website www.cablesol.com and the CSE website www.cse.lk during the above-mentioned period.

2. PROCEDURE FOR APPLICATION

2.1 ELIGIBILITY TO INVEST

Applications are invited from the following categories of Applicants, **having a valid CDS account in the Central Depository System (Private) Limited (CDS Account):**

- a) Citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age; or
- b) Companies, Corporations, or Institutions incorporated or established within Sri Lanka; or
- c) Corporate bodies incorporated or established outside Sri Lanka; or
- d) Approved Unit Trusts licensed by the SEC; or
- e) Approved Provident Funds and approved contributory pension schemes registered / incorporated / established in Sri Lanka (in this case, Applications Form should be in the name of the Trustee / Board of Management); or
- f) Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- g) Global, Regional and Country funds approved by the SEC.

IMPORTANT - Joint Applicants should not apply through a separate Application Form either individually or jointly.

Applications will NOT be accepted from individuals under the age of 18 years or if made in the names of Sole Proprietorships, Partnerships, Unincorporated Trusts, or any Non-Corporate Bodies.

Applications submitted under the Unit Trust Investor Category should conform to the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01).

Eligible Applicants may fall into one of the following categories.

- a) Retail Individual Investor Category
- b) Unit Trust Investor Category
- c) Employees and Directors
- d) Non-Retail Investor Category

Please refer "Glossary of Terms and Abbreviations" for the definitions of the aforementioned categories.

2.2 PROCEDURE FOR APPLICATION

The Prospectus and Application Form will be available free of charge from the collection points listed under Annexure 5 in this Prospectus. The Prospectus can also be downloaded from www.cse.lk.

(I) via Physical Delivery

The Application Form should be legibly completed and be received by the Registrars to the Issue during the stipulated time period. Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

(II) via CSLK Website

The Prospectus and Physical Application Form can also be downloaded from www.cse.lk and the CSLK website www.cablesol.com

(III) via CSE Mobile App

Applicants who register with the CSE Mobile App should follow the instructions set out in the said Mobile App, and forward their Applications as per the instructions. Submission of digital Application Forms through such CSE Mobile App is limited to both citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age and, foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas) only.

(IV) via CDS Web Portal

The Applicant can use the online application Web Portal accessible via <https://ipo.cse.lk> or www.cds.lk or <https://www.linkedin.com/company/cds-srilanka>. Only Resident and non-resident individual Applicants who have a valid CDS account at the time of application can apply via the Web Portal.

This option is NOT permitted for Applicants applying via margin trading accounts, power of attorney, joint Applicants, foreign citizens, corporate bodies and unit trusts.

The Applicant must comply with the instructions stated on the Web Portal when submitting the online application.

Important: Please note that Applicants must complete the payment as instructed in the CDS Web Portal.

Any Application submitted without a valid CDS account will be rejected. Users must first register for the Web Portal and read the instructions given on the Web Portal carefully and click on "Apply Now" option. Users will be directed to a page to self-register and create a login by validating their mobile number and email address. Once the user log-in to the Web Portal the Application can be completed via the CSE eIPO portal and submit the same.

CSE Mobile App/CDS Web Portal is integrated with the Helakurusuper Payment App. Please refer the payment instructions given in Section 2.5.5 of this Prospectus for payment options enabled.

(V) via CDS eConnect

Institutional users (CDS Account types of Local Customer & Foreign Customer) who are registered to the CDS eConnect facility are allowed to apply for the IPO through their registered CDS eConnect.

Registered eConnect Institutional users (Applicant categories categories referred to in Section 2.1 (b), (c), (d), (e), (g) or (h)), have an option for "eIPOs" within their eConnect facility, through which they are enabled to select the relevant IPO and apply.

The Mobile App/CDS Web Portal, currently, does not facilitate Applications made through Powers of Attorney (POA), Margin Trading, Joint Applicants and the categories referred to in Section 2.1 (b), (c), (d), (e), (g) or (h) to apply except CDS e-connect users. Therefore, such Applicants may send their Applications physically.

APPLICANTS SHOULD APPLY ONLY THROUGH ONE INVESTOR CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

EMPLOYEES AND DIRECTORS OF CSLK SHALL CHOOSE TO APPLY EITHER THROUGH THE EMPLOYEES AND DIRECTOR INVESTOR CATEGORY OR THROUGH THE RETAIL INDIVIDUAL/NON-RETAIL INVESTOR CATEGORY. EMPLOYEES WILL NOT BE ALLOWED TO SUBMIT MULTIPLE APPLICATIONS EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY.

Applicants must apply for the Offered Shares on the Application Form, which constitutes part of this Prospectus. The Application Form should be legibly completed and be received by the Registrars to the Issue.

Joint Applicants should note that all parties in the Joint Application should either be all residents of Sri Lanka or all non-residents and therefore should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a Joint Application will not be eligible to submit a separate Application either individually or jointly for the Shares applied.

Applications by Companies, Corporations, and other Corporate Bodies, registered/incorporated/ established in Sri Lanka should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such Applicants or as per the statutes governing them. In the case of Approved Provident Funds, Trust Funds and Approved Contributory Pension Schemes the Applications should be in the name of the Trustees/ Board of Management.

The Application Forms may be signed by any party on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of

the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. The original POA certificate should not be attached.

Applicants, who wish to apply through their Margin Trading Accounts, should submit the Application signed by the Margin Provider, requesting a direct upload of the Shares to the Applicant's Margin Trading Account in the CDS. The Margin Provider should indicate the relevant CDS Account number relating to the Margin Trading Account in the space provided in the Application Form. A "True copy" of the Margin Trading Agreement should be attached with the Application Form.

A foreign citizen must state his/her passport number in the space provided.

It should be noted that in the event the Applicant's CDS Account number is correctly stated in the Application Form all correspondence with such Applicant would be sent to the address given to the CDS by such Applicant.

Further, in the event the name or the address of the Applicant mentioned in the Application Form differs from the name or address given to the CDS by such Applicant in respect of the CDS Account mentioned in the Application Form, the name and the address given to the CDS by such Applicant in respect of the CDS account mentioned in the Application Form will be considered as the name and Address of such Applicant. Therefore, the Applicants must ensure that their name and address mentioned in the Application Form tallies with the name and address given to the CDS in respect of the CDS Account mentioned in the Application Form.

The Applicant should absolve CSE and CDS for errors/omissions of the information recorded in the CDS accounts if such errors/omissions were initiated by such Applicants.

Applications submitted under the Unit Trust Investors Category should accompany a written confirmation by the Trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 6, 2011 (Ref: SEC/LEG/11/06/01).

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account number are advised to open a valid CDS account prior to submitting the Application in order to facilitate the uploading of relevant Shares to their CDS account.

Please note that upon the allotment of Shares under this Offering, the allotted Shares would be credited to the Applicant's CDS account within twelve (12) Market Days from the closure of the Offer. Upon the completion of crediting of Shares into the investors' CDS Accounts, the Company shall send a written confirmation to the Shareholders within two (02) Market Days of crediting the CDS Accounts.

Please note that Share certificates shall not be issued. Applications which do not carry the CDS account number, which is not opened at the time of the closure of the subscription list or which indicate an incorrect/inaccurate CDS account number shall be rejected, and no allotment will be made. You can open a CDS account through any trading participants of the CSE as set out in Annexure 6 or through any custodian bank as set out in Annexure 7 of this Prospectus.

Applicants have the option of having their Shares 'locked' in the CDS as described below.

Shares that are locked would not be available for trading purposes and would not be visible to the participant. If the Applicant has not specified that his/her Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

For those Shareholders who do not want to trade the securities, the CDS would provide a mechanism where securities can be 'locked' in the CDS account. The CDS would maintain two balances for

2. PROCEDURE FOR APPLICATION

each CDS account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done presently.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from an unauthorized sale by a broker.

At the option and request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

Retail Individual and Non-Retail Investor Category

Applicants falling under the 'Retail' and 'Non-Retail' Investor Categories should apply for the Shares on the **WHITE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available from the collection points listed in Annexure 5 and can also be downloaded from www.cse.lk and www.asiasecurities.lk. Exact size copies of the Application form printed on **WHITE coloured** paper as specified herein will also be permissible under the Retail Individual and Non-Retail Investor Categories.

A retail investor can apply for a maximum of 13,300 IPO Shares.

Unit Trust Investor Category

Applicants applying under the Unit Trust Investor Category must apply for the Shares using the separate **YELLOW coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available through the Managers and Financial Advisors to the Issue, **Asia Securities Advisors (Private) Limited of 4th Floor, Lee Hedges Tower, 349, Galle Road, Colombo 03.**

The completed Application Forms should be submitted to **the Managers and Financial Advisors to the Issue** who will forward the same to the Registrars to the Issue in accordance with Section 2.3.

Employee and Director Category

Applicants applying under the Employee and Director Category must apply for the Shares only using the separate **BLUE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will only be made available through CSLK. Employees applying under this category shall be required to apply under their respective individual names using only the correctly coloured Application Form and should not apply as joint Applicants.

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee) for the full amount payable on the Application and the company seal/rubber stamp of the respective employer placed thereon should be submitted to Cable Solutions Limited, Ranmuthugala Estate, Kadawatha, Sri Lanka, for onward transmission to the Registrars to the Issue in accordance with Section 2.3.

Employees shall NOT submit Applications directly to the Registrars to the Issue. No photocopies of the coloured Application Form would be permissible and will not be permitted to send their application directly via email.

2.3 SUBMISSION OF APPLICATIONS

The Application Form should be filled in accordance with the instructions thereof, along with the applicable remittance (**cheque or bank draft or bank guarantee or RTGS transfer for Applicants over LKR 100 Mn - only for physical applications. RTGS (Below LKR 100 Mn) or CEFT or SLIPS permitted only for applications via the CSE Mobile App and CDS Web Portal**) for the full amount payable. The Application should be enclosed in a sealed envelope marked "Cable Solutions Limited - Initial Public Offering 2024" on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the **Registrars to the Issue** at the following address, **prior to 4.30 p.m. local time on the Issue Closing Date.**

Central Depository Systems (Pvt) Ltd
Ground Floor M&M Center,
341/5, Kotte Road,
Rajagiriya.

Applications may also be handed over to the Managers and Financial Advisors to the Issue, trading participants of the CSE as set out in Annexure 6, for onward transmission to the Registrars to the Issue.

In the case of investors applying under the Unit Trust Category, the Application Forms should be submitted to the Managers and Financial Advisors to the Issue who will forward the same to the Registrars to the Issue.

In the case of Applications dispatched by courier or post, such Applications should reach the Registrars to the Issue no later than 4.30 p.m. on the market day immediately following the Closure Date. Any Applications received after the above deadline shall be rejected even though the courier or post mark is dated prior to the Closure Date.

In the case of Applications dispatched by hand, such Applications should reach the Registrars to the Issue no later than 4.30 p.m. on the date of closure of the Offering. Any Applications received after the above deadline shall be rejected.

The subscription list for the Offered Shares will open at 9.00 a.m. on 23rd July 2024 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 09th August 2024.

In the event of an over subscription of the offered Shares prior to the date scheduled as the Issue Closing Date of the period for subscription, the Company shall inform the CSE in writing immediately of such a fact and the subscription list will be closed at 4.30 p.m. on the same day on which it is fully subscribed with notification to the CSE.

2.4 MINIMUM NUMBER OF SHARES

The Application should be made for a minimum of hundred (100) Shares or in multiples of hundred (100) Shares thereof.

Applications made for less than hundred (100) Shares or for a number which is not in multiples of hundred (100) Shares will be rejected. The cheque or bank draft or bank guarantee or RTGS transfer should be issued/carried out to the exact value of the number of Shares applied for multiplied by the Share Offer price.

Cheques, bank drafts or bank guarantees or RTGS transfers not conforming to the above requirement will be rejected at the outset.

2.5 MODE OF PAYMENT

Payment should be made separately in respect of each Application by way of a cheque or bank draft or bank guarantee drawn upon a licensed commercial bank operating in Sri Lanka or RTGS transfer (for Applications over LKR 100 Mn Only) directed through any licensed commercial bank operating in Sri Lanka for physical applications and by way of CEFT or SLIPS or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka for applications made via the CSE Mobile App and CDS Web Portal. Remittances on Applications will be deposited in a separate bank account in the name of **“CABLE SOLUTIONS LIMITED”**.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from any Licensed Commercial Bank in Sri Lanka. Bank guarantees should be valid up to one (01) month from the date of opening of the Offer (i.e., 23rd July 2024).

Payment for Applications for values below Rupees One Hundred Million (LKR 100,000,000/-) could be supported by only one cheque or bank draft or bank guarantee. Any Applications with two or more cheques, bank drafts or bank guarantees will be rejected at the outset in the event the value of such Application is below Sri Lankan Rupees One Hundred million (100,000,000/-).

Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred million (LKR 100,000,000/-) will be permitted to submit multiple bank guarantees issued by licensed commercial banks in Sri Lanka, multiple bank drafts/cheques drawn upon any Licensed Commercial Bank operating in Sri Lanka, or a single RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, each of which should be for values on the date of opening of the Offer.

Physical applications accompanying payments made via RTGS in the event the value of such Application is below Sri Lankan Rupees One Hundred million (100,000,000/-) or by way of CEFT or SLIPS or direct deposits will be rejected.

Please follow the web link given below in order to get your Bank and Branch codes: <https://www.lankaclear.com/downloads/bank-branch-directory/>.

2.5.1 CHEQUES OR BANK DRAFTS – RESIDENT SRI LANKAN INVESTORS

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed “Account Payee Only” and made payable to **“CABLE SOLUTIONS LIMITED”**. Cheques or bank drafts accompanying Application Forms made for less than hundred (100) Shares or for a number which is not in multiples of hundred (100) Shares (as mentioned in Section 2.4) will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of joint Applicants, to the first named Applicant. In the event that cheques are not realized within two (2) market days from the day of presenting the same to the bank for clearing, the cheques will be returned, and no allocation of Shares will be made to the investors.

Cheques must be honoured on the first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on the first presentation will be rejected.

2.5.2 BANK GUARANTEES – RESIDENT SRI LANKAN INVESTORS

Applications made by resident Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 2.5 will be accepted. Bank guarantees will be presented to the respective banks only after the Shares have been allotted. Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of **“CABLE SOLUTIONS LIMITED”** in a manner acceptable to the Company and payable on demand. Bank guarantees should be valid for a minimum of one (01) month from the date of opening of the Offer (i.e., 23rd July 2024).

2.5.3 RTGS TRANSFERS – RESIDENT SRI LANKAN INVESTORS

In case of RTGS transfers, such transfers should be made to the credit of the following accounts for Applications submitted via;

- Physical applications (only for Application valued above and inclusive of Sri Lankan Rupees One Hundred

million (LKR 100,000,000/-) to the account number bearing **111000169966 “CABLE SOLUTIONS LIMITED IPO PHYSICAL” at National Development Bank PLC, Head Office (Bank code 7214, Branch code 900)**

- CSE Mobile App or CDS Web Portal to the account number bearing **111000169958 “CABLE SOLUTIONS LIMITED IPO ONLINE” at National Development Bank PLC, Head Office (Bank code 7214, Branch code 900)** with value on the Offer Opening Date (i.e., the funds to be made available to the above account). Applicants are required to indicate their NIC Number or CDS account number as payment reference for RTGS transfers.

The Applicants should obtain a confirmation from the Applicant’s bank to the effect that arrangements have been made to transfer payment in full for the total value of Shares applied for to the credit of **“CABLE SOLUTIONS LIMITED IPO PHYSICAL”** for physical application and **“CABLE SOLUTIONS LIMITED IPO ONLINE”** for application submitted through CSE Mobile App or CDS Web Portal. The fund transfer confirmation should be submitted with the Application Form.

2.5.4 CEFT/SLIPS TRANSFERS – RESIDENT SRI LANKAN INVESTORS

In case of CEFT/SLIPS transfers (only for Application made via the CSE Mobile App and CDS Web Portal), such transfers should be made to the credit of **“CABLE SOLUTIONS LIMITED IPO ONLINE”** for Applications submitted via;

- CSE Mobile App/ CDS Web Portal to account number **111000169958 “CABLE SOLUTIONS LIMITED IPO ONLINE” at National Development Bank PLC, Head Office (Bank code 7214, Branch code 900)**

with value on or before the offer opening date (i.e., the funds to be made available to the above account).

Applicants are required to indicate their NIC Number or CDS account number as payment reference for CEFT/SLIPS transfers. Any Applications accompanying fund transfers confirmations without the payment reference as aforementioned will be rejected.

2. PROCEDURE FOR APPLICATION

2.5.5 PAYMENT OPTION FOR CSE MOBILE APPLICANTS

CSE Mobile App is now integrated with the Helakurusuper Payment App.

Only **LOCAL INDIVIDUAL** Applicants, with applied share values less or equal to LKR 49,900.00 will be able to use the Helakurusuper app after completing the Applications on the said eIPO platform. **IF THE APPLICANT HAS ALREADY MADE A PAYMENT TO THE IPO ACCOUNT PRIOR TO STARTING THE APPLICATION PROCESS, SUCH APPLICANTS SHOULD NOT SELECT THE 'Helakurusuper' OPTION.**

Customer charges of LKR 100.00 charged by 'Helakurusuper' will apply for such payment and shall be borne by the Applicants.

Please note that the Applicants who wish to use the integrated Helakurusuper Payment App platform through the CSE Mobile App should have the 'Helakurusuper' Mobile App installed on their mobile devices.

Alternatively, Individual Applicants who wish to use the payment modes of CEFTS transfers, SLIPS Transfers, RTGS transfers or cheque deposits must ensure to initiate such transfers prior to making the Application using the CSE Mobile App, in order to attach the proof of payment which is a mandatory requirement in submitting their Applications via CSE Mobile App or CDS Web Portal.

IMPORTANT - When cheque deposits, CEFT, RTGS or SLIPS transfers are made, ensure to enter the CDS account number of the Applicant in the 'Beneficiary Narration/Beneficiary Remark/ Reference / Remark / Comment' field to identify the payments. If the payment cannot be identified, Application may get rejected.

2.5.6 FOREIGN CURRENCY REMITTANCE

This section is applicable to citizens of Sri Lanka who are above 18 years of age and resident overseas, corporate bodies incorporated or established outside Sri Lanka, global, regional or country funds approved by the SEC and foreign

citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age. Applications submitted by such investors should be in accordance with the provisions of Foreign Exchange Act No.12 of 2017 and any directions issued thereunder.

Person's resident outside Sri Lanka should make their payments using one of the following methods as the case may be.

A Foreign Investor may invest only through an Inward Investment Account (IIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through a IIA is presented below:

A Foreign Investor may use the services of a Custodian bank as an intermediary when investing in the Sri Lankan securities market.

The intermediary may open an IIA, on the investor's behalf. In conjunction with the IIA, an account with the CDS must be opened.

In respect of global, regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC.

Payment for Shares should be made through a cheque, bank draft or unconditional bank guarantee or RTGS transfer against the funds in the IIA and made payable to **"CABLE SOLUTIONS LIMITED"**.

Cheques or Bank Drafts or Bank Guarantee or RTGS transfers should be endorsed by the issuing custodian bank, to the effect that, arrangements have been made to facilitate such payment to be made against funds available in the investor's IIA account. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Head of the Department of Foreign Exchange of the Central Bank of Sri Lanka.

2.6 BANKING OF PAYMENTS

All cheques, bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Issue Closing Date.

2.7 REJECTION OF APPLICATIONS

- Application Forms, which are incomplete in any way and/or are not in accordance with the terms and conditions specified in this Prospectus, will be rejected.
- Any Application form which does not provide the NIC, Passport (where NIC is not available) or Company Registration Number as the case may be, will be rejected.
- If the CDS account number is not indicated in the Application Form or is not opened at the time of the closure of the subscription list or the CDS number indicated in the Application form is found to be inaccurate/ incorrect, the Application will be rejected and no allotments will be made.
- Applications with two or more cheques, bank drafts or bank guarantees will be rejected in the event the value of such Application is below Sri Lankan Rupees One Hundred million (LKR 100,000,000/-).
- Applications made for less than One Hundred (100) Shares or for a number which is not in multiples of One Hundred (100) Shares will be rejected.
- Two or more applications submitted by the same Applicant either under the same category or different category will be construed as multiple applications and will be rejected.
- Application Forms accompanied by cash will not be accepted.
- Any Application Forms accompanying fund transfers confirmations without the requisite payment references will be rejected.
- Applications delivered by hand after 4.30 p.m. on the Issue Closing Date will be rejected.

- Applications received by post after 4.30 p.m. hours on the succeeding working day immediately following the Issue Closing Date, will also be rejected even if they carry a post mark dated prior to the Issue Closing Date of the subscription list.
- Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.
- In the event cheques are dishonoured/ returned on first presentation, the Application will be rejected.
- Physical applications accompanying payments made via RTGS in the event the value of such Application is below Sri Lankan Rupees One Hundred million (LKR 100,000,000/-) or by way of CEFT or SLIPS or direct deposits will be rejected.

The Board of Directors shall reserve the right to refuse any Applications or to accept any Applications in full or part.

2.8 REFUNDS

Where an Application Form is rejected, the cheque, bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the Applicant. In the case of joint Applicants, application monies will be returned to the first named Applicant.

Where the Application Form is accepted and the cheque or the bank draft or bank guarantee is not honoured at the first presentation, the Application will also be rejected and the cheque, bank draft or bank guarantee will be returned via ordinary post at the risk of the Applicant. In the case of joint Applicants, application monies will be returned to the first named Applicant.

Where an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on Shares that have not been allotted or for Applications that have been fully or partially rejected, will be refunded on or before the expiry of eight (08) market days from the date of closing of Offering (excluding the date of Offering) as required by the CSE Listing Rules.

As per relevant CSE listing rule 3.1.7 (ii), Applicants would be entitled to receive Interest at the last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka plus Five Percent (5%) on any refunds not made within this period.

The refund payments only up to a maximum limit of Sri Lankan Rupees Five million (LKR 5.0 million) will be made to the bank account specified by the Applicant through the Sri Lanka Inter-bank Payment System (SLIPS) (as per LANKACLEAR Operating instruction circular No 11/2010 dated 25th Oct 2010) on or before the expiry of eight (08) market days from the closure date (excluding the closure date) as required by the CSE Listing Rules and a payment advice shall be issued to the Applicant provided that the Applicant has submitted accurate and complete details of his bank account in the application form.

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Offer will make refund payments up to and inclusive of Sri Lankan Rupees Five million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event of refunds over Sri Lankan Rupees Five million (LKR 5,000,000/-), if the Applicant has provided accurate and complete details of his bank account in the Application, refunds will be made via RTGS.

In the event the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the bank will make such refund payment to the Applicant by way of a cheque crossed "Account Payee only" and sent by post at the risk of the Applicant.

In the event the refund payment is effected via SLIPS based on the bank account details provided by the Applicant in the Application form, but is rejected by the Applicant's bank due to inaccurate or incomplete information, such refund payments would be made

via a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In such instances, the Company together with the Registrars to the Offer will send the refund cheques to such Applicants at the earliest possible date and the Applicant should not hold the Company or the Registrars to the Offer accountable for such delays.

If the Applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account, the refund payment will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant and the Applicant should not hold the Company or the Registrars to the Offer accountable for such delays. In the case of a joint application, a crossed cheque will be drawn in favour of the Applicant whose name appears first in the Application Form.

2.9 TRADING OF SHARES

The Company will submit to the CSE a Declaration on the market day immediately following the day on which Investors' CDS accounts are credited with securities which shall be no later than twelve (12) market days from the date of closure of the subscription list. Trading of Shares of the Company on the secondary market will commence on or before the third market day from the receipt of the Declaration of the Company by the CSE.

3. THE COMPANY

3.1 OVERVIEW OF THE COMPANY

CSLK was established in 2008 as a cable manufacturing company in association with a Swedish group at Flinth Industrial Park, Sri Lanka. It presently has production centers in Sri Lanka and India. The main production facility is in Sri Lanka and is located next to Flinth Industrial Park, a state-of-the-art industrial environment set up by Swedcord Development, Sweden.

In December 2019, a consortium of investors, structured by Tempest PE Partners (Private) Limited and led by ACL Cables PLC, acquired a 75% stake in the company from three individual shareholders namely, Swedcord Development AB, Karl Joar Westman and Anil Surana. The company has since been part of the ACL Group as a 52.64% held subsidiary.

CSLK offers a range of solutions in the form of standard cables, customized cables and cable systems, cable harnesses and connectors. Their expertise lies in creating custom-made, high-quality cables that excel in various applications such as extreme temperatures, confined spaces, chemical, oil, abrasion, harsh environmental resistance, high performance flex / torsion, and more. CSLK provides an extensive selection of cable configurations to meet specific needs, offering options like single and multiple conductors, paired and tripled conductors, shielded and unshielded options, as well as conductors with braided or armored protection. The insulation and jacketing of these cables are customized according to the specifications provided by the customer. Moreover, their proficiency extends to developing hybrid designs that integrate a diverse range of features.

The company caters to different market segments; automotive and transportation, sensor/weighing industry, and industrial automation industry. The company exports its products to USA, UK, Spain, Italy, Germany, Sweden, Switzerland, Russia, India, Australia and New Zealand.

A key differentiating aspect of the company is its strong R&D and engineering capabilities which has enabled CSLK to customize cables to cater to a diverse international client base with differing requirements and specifications. A testimony to these capabilities is the following international certifications and qualifications that the company has received over the past few years.

- **ISO 9001-2015**

All processes and activities of the Company are managed to ensure the quality of the products and service, while fostering continual improvements, in compliance with the guidelines and standards set out under ISO 9001-2015. The certification is done by an accredited body following a surveillance audit.

- **ISO 14001-2015**

This certification is granted again by an accredited body following a surveillance audit, certifying that the environment is safeguarded through effective implementation of environmental controls and improve sustainability.

- **TUV Rheinland**

This certification relates to the manufacture of solar cables. Solar cables are processed as per BS EN 50618 Standard. All processes and products are certified by TUV that the solar cables produced meet the given standard.

CSLK received the TUV Certificate in 2020 from German TUV Rheinland.

In 2017, the company expanded to cable harnesses, thereby being able to offer customers a more complete and value-added solution that could directly be inserted into finished electronics and other products. Most accessories used are imported from specialist suppliers to meet the specific needs of each customer. The company acquired a 99.9% stake in Cable Solutions India in January 2023 to establish a second cable harnessing operation for the company which would cater to the burgeoning Indian market as well as, provide export customers an alternate production base to Sri Lanka.

The company has a staff strength of 271 employees, inclusive of 105 in Cable production, 116 in cable harness operations and a senior leadership team of 13 experienced individuals.

In addition to significant expansion in harness capacity, the company has been selectively investing over the past few years in new machinery and equipment not only to expand capacity but, also eliminate bottlenecks in certain manufacturing processes, improve production efficiencies and time to market, and upgrade product capabilities. For instance, the Niehoff Multi Wire Drawing Machine purchased in 2020 can draw 8 wires at a time and accommodates larger bobbins, allowing a wider range of cables to be produced faster. The new Twister Machine has also allowed for faster output speeds due to less changeovers. The latest addition would be a new Extruder 80-50 which is expected to be commissioned before the end of December 2024. This will enable the Company to operate with higher efficiency and lower power consumption. In addition, the company continues to invest in quality checks and assessments at the final stage of the production process, keeping in mind the high standards expected by customers in countries such as the US, Australia, India and Europe.

Since inception and more so after the changes in shareholding at the end of 2019 and becoming part of the ACL Group, the company has exercised prudent financial management and tight collection policies. Inventory re-stocking has happened during periods of supply chain bottlenecks (e.g., during the Covid pandemic) and macro stresses (i.e. the local supply issues in the middle of 2022) in order to ensure that customer deliveries have been largely unaffected. Nevertheless, gearing levels have been carefully managed with the company not exceeding 40% net gearing and averaging less than 20% over the same period. Collection and inventory days have generally trended lower over the past 6-months as the pandemic pressures eased and the country's economic issues were gradually resolved.

Table 3.1 Top 10 Customers with % share of overall revenue

No.	Client	% of Total Revenue
1	Customer 1	23.96%
2	Customer 2	18.80%
3	Customer 3	7.78%
4	Customer 4	7.32%
5	Customer 5	5.31%
6	Customer 6	4.13%
7	Customer 7	3.27%
8	Customer 8	1.96%
9	Customer 9	1.94%
10	Customer 10	1.68%
		76.15%

Note: The identity of the customers has not been disclosed due to confidentiality purposes. Revealing specific customer information would breach the confidentiality protocols upheld by CSLK, potentially compromising the company's competitive standing in the global market. This could highlight the prominence of certain clients as major purchasers of CSLK's products, thereby impacting CSLK's competitive advantage. It's important to note that company orders are facilitated through extensive business-to-business (B2B) channels which CSLK has developed and maintained relationships over a significant period of time.

Risk associated with being dependent on one or a few clients, is mitigated by:

- 1) Ensuring that the product quality to the customer and servicing their requirements, is kept at a very high standard and there is no compromise in delivery or quality. In order for this to be maintained, the company has put forward processes such as assigning a dedicated team to work on the product requirements of individual clients like Customer 1 stated above.
- 2) There is a high switching costs for clients, as the product given by CSLK to them have been approved by their customers for their final product. For instance, Jet Ski manufacturers have established trust in the supply chain, and clients of CSLK who provide cables to the manufacturers, have already obtained approval for the parts, which would make it difficult for the client to switch suppliers.
- 3) By continuously expanding the client base through the addition of 2-3 significant new customers each year.

Table 3.2 Top 10 suppliers with % share of overall RM costs – 2022/2023

	Name of Supplier	Country	%
1	Metrod (OFHC) Sdn, Bhd	Malaysia	71.20%
2	Crosspolimeri S.p.a.	Italy	8.04%
3	Shankla Industries	India	3.15%
4	Lubrizol Advanced Materials Pvt Ltd.	Belgium	2.76%
5	Suzhou Gafen Plastic Co. Ltd.	China	1.78%
6	Lubrizol Speciality Chemical Manufacturing	China	1.68%
7	Nishigandha Polymers	India	1.28%
8	Vedx International Pvt. Ltd.	India	0.97%
9	CGN Advanced Material Group	China	0.87%
10	T.P.V. Coumpund S.p.a.	Italy	0.10%
			91.83%

Risk associated with being dependent on one or a few suppliers, is mitigated by:

1. ACL, the parent company of CSLK, has an extensive supplier network similar to Metrod, providing identical raw materials. However, ACL avoids reliance on Metrod as a supplier for its operations. CSLK could capitalize on the robust support and network of its parent company to swiftly identify alternative suppliers, effectively mitigating risks associated with supplier concentration, particularly those related to Metrod or its procurement channels.

3.1.1 VISION STATEMENT

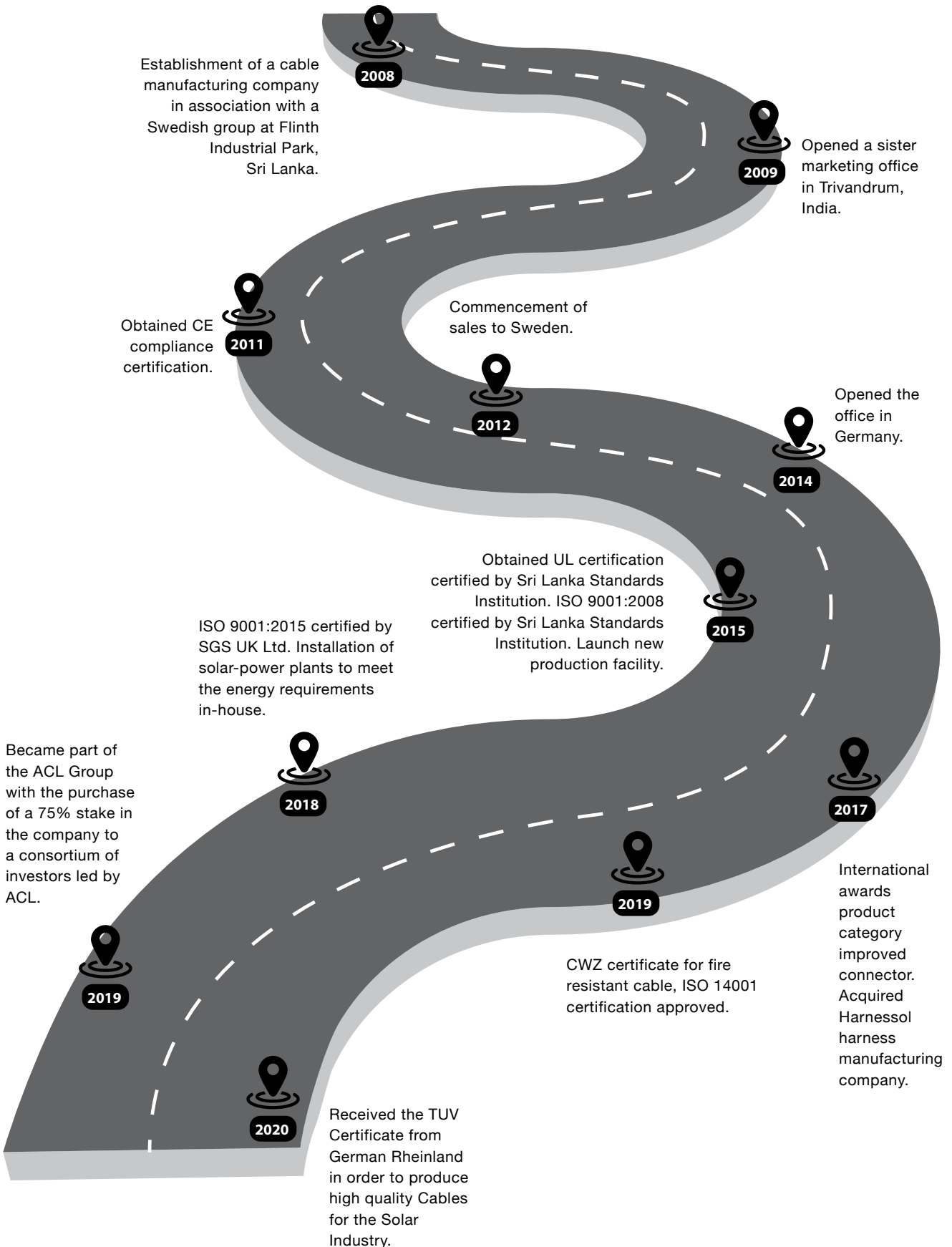
To become, by year 2028, one of the top 10 manufacturers of cables for the electronics industry in Asia and Europe by providing a total customized solution with guaranteed quality.

3.1.2 MISSION STATEMENT

Being committed to providing long term satisfaction to our customers with tailor-made and precision products and to provide all our employees with continuous improvement opportunities in a safe work environment.

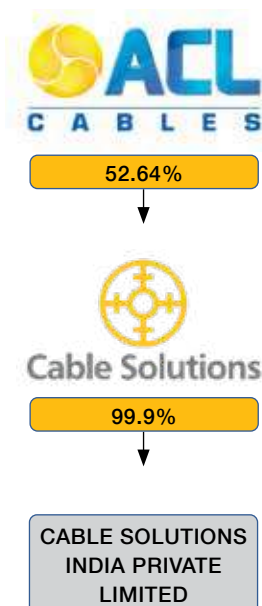
3. THE COMPANY

3.1.3 KEY MILESTONES OF THE COMPANY



3.1.4 GROUP STRUCTURE

CSLK is a subsidiary of ACL Cables PLC, who holds 52.64% Shares of CSLK. CSLK acquired a 99.9% equity stake in Cable Solutions Private Limited, India from 1 shareholder.



3.2 STATED CAPITAL

The Stated Capital of the Company is LKR 11,400,000 constituting of monies received by the Company by the issue of Shares in the Company. The total number of Shares issued in the Company are 456,000,000 Ordinary Voting Shares.

Table 3.3 Stated Capital

	Number of Ordinary Shares	Stated Capital (LKR)
Pre-IPO (Before Share Split)	1,140,000	11,400,000
Pre-IPO (After Share Split)*	456,000,000	11,400,000
New share capital issued through the IPO	14,666,600	109,999,500
Post- IPO	470,666,600	121,399,500

*The Company underwent a 1:400 share split on the 6th of October 2023

In the event of liquidation of the Company, the holders of Ordinary Shares shall have the right to an equal share in any surplus assets of the Company available for distribution after paying all the creditors of the Company and all other claims and debts in accordance with the provisions contained in the Companies Act No. 7 of 2007 on liquidation.

3.2.1 LATEST SHAREHOLDER LIST

The holders of Ordinary Shares of CSLK as at the date of this Prospectus:

Table 3.4 Latest Shareholder List

Name of Shareholder	No. of Shares	% Of Ownership
ACL Cables PLC	240,039,966	52.64
Mr. Pawan Tejwani	91,200,000	20.00
Insite Holdings (Pvt) Ltd	31,920,000	7.00
Ms. Jyoti Nand Tejwani	22,800,000	5.00
Rosewood (Pvt) Ltd	22,800,000	5.00
Associated Electrical Corp	22,800,000	5.00
P & S Bakers (Pvt) Ltd	18,240,000	4.00
Tempest P E Partners (Pvt) Ltd	6,200,034	1.36
Total	456,000,000	100

3.2.2 SHARES ISSUED IN THE LAST TWO YEARS

The company has not issued any Shares in the two (02) years preceding the date of this Prospectus.

The Company carried out a share split on 6th October 2023 whereby each ordinary voting share of the Company was split into 400 number of Ordinary Voting Shares.

3.2.3 REPURCHASES OR REDEMPTIONS

The Company has not carried out a share repurchase, redemption or stated capital reduction exercises in the two (02) years preceding the date of this Prospectus.

3.2.4 OUTSTANDING CONVERTIBLE DEBT SECURITIES

The Company has no outstanding Convertible Debt Securities as at the date of this Prospectus.

3. THE COMPANY

3.2.5 FREE TRANSFERABILITY OF SHARES

The Pre-IPO Shareholders shall not transfer existing Ordinary Voting Shares during the interim period between the date of Initial Listing Application and the date of listing of the Shares of the Company.

The Pre-IPO Shares held by Non-Public Shareholders will be locked-in for a period of 6 months from the date of listing of the Shares of the entity. However, the Pre-IPO Shares held by Public Shareholders will not be subject to any lock-ins provided, however, that any Shares acquired by such public shareholders by way of a transfer in the last 12 months prior to the date of the Initial Listing Application will be locked-in for a period of 6 months from the date of listing of the Shares of the Company or 12 months from the date of the transfer, whichever is longer. Any Pre-IPO Shares held by public or non-public shareholders which have been issued to them during the last 12 months prior to the date of the Initial Listing Application will be locked-in for such period as may be determined by the SEC at its discretion. Please refer Section 3.4 for further details pertaining to the locked-in Shares.

The New Shares offered via the IPO shall not be transferable by the Shareholders during the period commencing from the date of allotment of the offered Shares and up to the date of listing (excluding the date of listing) on the CSE.

No Ordinary Voting Shares or Other Class of Shares would be subscribed or sold privately, in conjunction with the Public Issue of Shares.

3.3 DIVIDEND POLICY

Dividends approved and or recommended by the Board of Directors shall be distributed, based on the Company's performance in terms of profits achieved together with passing the Solvency Test required by the statute. Such dividends would be paid after taking into consideration the Company's earnings, capital expenditure requirements and other financial conditions. Subject to affordability, the company intends to pay out a minimum of 30% of annual net profit as dividends to shareholders.

The Company has paid USD 196,847 (LKR 35.2 Mn) for FY20 and approximately 30% of its net profit for FY21 and FY22 as dividends to its shareholders preceding the date of this Prospectus. The company has paid a dividend of USD 371,190 (LKR 132.0 Mn) for FY23 which amounts to approximately 30% of the reported net profit of USD 1.51 Mn (LKR 536.7 Mn) for the financial year ended 31st March 2023. The company has declared a dividend of USD 200,000 (LKR 60.2 Mn) for FY24 which amounts to approximately 30% of the reported net profit of USD 671,738 (LKR 210.8 Mn) for the financial year ended 31st March 2024. Please see Section 3.15.5 (4) for disclosure on dividend declaration for FY24.

3.4 DETAILS PERTAINING TO THE LOCKED-IN SHARES

Shareholding Structure

Given below is the Shareholding structure of the Company as at the date of the Prospectus (Pre-IPO) and subsequent to the Issue (Post-IPO) assuming full subscription.

Table 3.5 Pre and Post Shareholding

Name of Shareholder	Pre-IPO		Post-IPO	
	No. of Shares	%	No. of Shares	%
ACL Cables PLC	240,039,966	52.64	240,039,966	51.00
Mr. Pawan Tejwani	91,200,000	20.00	91,200,000	19.38
Insite Holdings (Pvt) Ltd	31,920,000	7.00	31,920,000	6.78
Ms. Jyoti Nand Tejwani	22,800,000	5.00	0	0.00
Rosewood (Pvt) Ltd	22,800,000	5.00	11,400,000	2.42
Associated Electrical Corporation Limited	22,800,000	5.00	0	0.00
Perera & Sons (Bakers) (Private) Limited	18,240,000	4.00	9,120,000	1.94
Tempest P E Partners (Pvt) Ltd	6,200,034	1.36	6,200,034	1.32
Shareholding from IPO	-	0.00	80,786,600	17.16
TOTAL	456,000,000	100.00	470,666,600	100.00

Locked-in Shares – Pre-IPO:

In compliance with the CSE Listing Rules, 2.1.1(d) the Shares mentioned below will be locked in and will not be available for trading as given below from the date of listing of the Shares of the Company.

Table 3.6 Locked-in Shares (Pre-IPO)

Shareholders	Category of Shareholders	Locked-in Shares	The time period after which the Shares will be available for trading	No. of Shares	No. of Shares as a percentage of total number of Shares in issue
Non-Public Shareholders:					
ACL Cables PLC	Non-Public	Locked-in	6 Months from listing	232,560,000	51.00%
ACL Cables PLC	Non-Public	Locked-in	6 months from listing or 12 Months from transfer whichever is longer	7,479,966	1.64%
Mr. Pawan Tejwani	Non-Public	Locked-in	6 Months from listing	91,200,000	20.00%
Insite Holdings (Pvt) Ltd	Non-Public	Locked-in	6 Months from listing	31,920,000	7.00%
Ms. Jyoti Nand Tejwani	Non-Public	Not Locked-in(Sold through IPO)	Not applicable	22,800,000	5.00%
Rosewood (Pvt) Ltd	Non-Public	Locked-in	6 Months from listing	11,400,000	2.50%
Rosewood (Pvt) Ltd	Non-Public	Not Locked-in			
(Sold through IPO)	Not applicable	11,400,000	2.50%		
Associated Electrical Corp	Non-Public	Not Locked-in (Sold through IPO)	Not applicable	22,800,000	5.00%
Perera & Sons (Bakers) (Private) Limited	Non-Public	Locked-in	6 Months from listing	9,120,000	2.00%
Tempest P E Partners (Pvt) Ltd	Non-Public	Locked-in	6 Months	6,200,034	1.36%
Public Shareholders:					
-	-	-	-	-	-

* Non-Public is defined under CSE Listing Rules 2.1.1.

The Entity hereby confirms that the information furnished herewith shall remain unchanged until the Date of Listing.

The following table lists out the Share transfers that took place during the period of twelve (12) months immediately preceding the date of the Initial Listing Application.

Table 3.7 Share transfers

Date	Transferor	Transferee	No of Shares*
18th January 2024	Tempest P E Partners (Pvt) Ltd	ACL Cables PLC	7,479,966

*The company underwent a Share Split of 1:400 on 6th October 2023.

This transfer took place at LKR 7.50 per share which is the same as the IPO issue price.

3. THE COMPANY

Apart from the Share transfers listed above, there were no other Share transfers among the Shareholders categorized either as “Public” or “Non-Public” during the period of twelve (12) months immediately preceding the date of the Initial Listing Application, hence no further Shares will be subject to a lock-in, in terms of CSE Listing Rule 2.1.1 (d) (iii).

Locked-in Shares – Post IPO:

Table 3.8 Locked-in Shares (Post-IPO)

Category of Shareholders	Locked-in Shares	The time period after which the Shares will be available for trading	No. of Shares	No. of Shares as a percentage of total number of Shares in Issue Post IPO
Non-Public	Locked-in	6 Months from listing	382,400,034	81.25%
Non-Public (issued in the last 12 months)	Locked-in	Period determined by the SEC	-	-
Non-Public (acquired by way of a transfer in the last 12 months)	Locked-in	6 Months from listing or 12 Months from the transfer, whichever is longer	7,479,966	1.59%
Public	Not Locked-in	N/A	-	-
IPO Shares	Not Locked-in	N/A	80,786,600	17.16%
Total			470,666,600	100.00%

Post-IPO Public holding (number of Post IPO Shares held by the ‘Public’ as a percentage of the total Post IPO number of Shares), on the assumption that the parties who subscribe to the IPO shall be Public Shareholders (as per the ‘Public’ definition provided in the CSE Listing Rules) is 17.16%.

3.5 TAKEOVER OFFERS

There has been no take-over offers by third parties in respect of the Company’s Shares during the past two (02) years. The Company acquired a 99.9% equity stake in CSIN.

3.6 FUTURE STRATEGIES

- **Expansion of customer base through deeper penetration of existing markets and breaking into new markets**

Going forward, the Company expects new customer acquisitions to pick up based on the pipeline of discussions at advanced R&D stages and marketing leads seen in the past few months. Also, the full impact of relatively large accounts acquired in FY22 & FY23 would only be fully felt in FY24 and beyond.

While maintaining a significant revenue share from deemed export customers, the management intends to increase focus in Europe and the US as well as greater marketing into, India, Australia

and other selective regions. The scaling up of the business now seems to be gathering momentum as CSLK is able to leverage on its own track record of timely delivery of high-quality cables.

- **Production efficiency improvements through continuous investments in selective machinery upgrades and improving manufacturing processes**

Complementing the increased sales push are selective investments that are being made in new machinery which has and will enable greater efficiencies, higher quality and removal of bottlenecks. The new investments include Niehoff MWD, Niehoff Buncher, Twister 5, Motorized pay offs, Mica Taping machine, Ribbon cable cutting and stripping machine and also the Boiler for curing chamber which was acquired in 2022, in addition to significant expansion in cable assembly capacity since 2019. The Company has also raised the bar in terms of obtaining international certifications which has enabled it to enter new markets and cater to more discerning customers. For example, CSLK has started to cater to the UK and potentially US operations of a multinational company whereas previously it was only the said Company’s Indian plant that purchased its products. Running parallel with these upgrades, has been the strengthening of the management team in production,

operations, quality and engineering, and marketing.

3.6.1 PROPOSED ACTION PLANS ASSOCIATED WITH FUTURE STRATEGIES

The Company intends to pursue the following proposed action plans in furtherance of its future strategies.

- **Aggressive expansion in marketing efforts in India, Europe and the US**

CSLK will aggressively expand its marketing efforts in India, Europe, and the US. Through comprehensive market research, regional marketing teams will be established to optimize digital marketing, engage in trade shows, and collaborate with influencers and partners. Localizing marketing materials and providing excellent customer support will be prioritized. Building long-term partnerships will secure a strong presence in these markets and drive business growth.

- **Improvements in production processes and selective investments in new machinery to improve efficiencies**

CSLK will focus on making substantial improvements in its production processes by selectively investing in new machinery to enhance overall efficiencies through internally generated

funds, while a new machinery upgrade will be funded through the Offer for Subscription component of the IPO. CSLK is also able fund new machinery through borrowings as the gearing is currently less than 20%. Through meticulous analysis of the existing manufacturing workflow, bottlenecks will be identified and addressed, streamlining the entire production cycle. By adopting advanced technologies and automation where applicable, the Company aims to increase productivity, reduce downtime, and minimize wastage. Rigorous training programs will be implemented to upskill the workforce, ensuring they can effectively operate and maintain the new machinery. These strategic improvements will not only lead to cost savings but also enable the Company to meet growing demand, maintain high product quality, and stay ahead of competitors in an ever-evolving market.

- **Greater focus on quality control**

CSLK will place a significantly greater focus on quality control throughout all its operations. By implementing stringent quality assurance processes at every stage of production, from raw material sourcing to the final product inspection, the Company aims to consistently deliver high-quality cables to its customers. This involves investing in state-of-the-art testing equipment and technologies through internally generated funds, to detect any defects or deviations from quality standards. Additionally, the Company will conduct regular training sessions for its employees, emphasizing the importance of maintaining quality and adherence to established protocols. Customer feedback and market insights will be actively collected and analyzed to identify areas for improvement and ensure customer satisfaction. A strong commitment to quality control will enhance the company's reputation, foster customer trust, and provide a competitive edge in the cable manufacturing industry.

- **Diligently on-board new clients by ensuring that all necessary certifications are in place, samples are made adhering to all customer specifications and adjusting plant capacity where needed**

CSLK will adopt a diligent approach to on-board new clients by streamlining the process of acquiring necessary certifications, meeting all customer specifications, and adjusting plant capacity as required. The Company will prioritize obtaining relevant certifications to demonstrate compliance with industry standards and regulations, instilling confidence in potential clients about the quality and reliability of its products. Additionally, the Company will work closely with customers to create tailored samples that precisely match their requirements, showcasing its capability to deliver customized solutions. To accommodate the increased demand from new clients, the Company will assess and adjust its plant capacity, ensuring a seamless production process and timely delivery. By focusing on these aspects, the company aims to build strong, long-lasting relationships with new clients, gain a competitive advantage in the market, and foster sustainable business growth.

- **Rollout of production in India and developing new client bases within the domestic Indian market**

CSLK will embark on an ambitious rollout of production in India, tapping into the vast potential of the domestic market. To accomplish this, the company has conducted a comprehensive feasibility study and established a robust production facility in a strategic location within India, through their internally generated funds. By manufacturing locally, the Company can benefit from cost advantages, reduced lead times, and better control over supply chain logistics. Simultaneously, the company will focus on developing new client bases within the Indian market, leveraging its expanded production capabilities and competitive pricing to attract a diverse range of customers across various industries. Targeted marketing efforts, participation in industry events, and fostering partnerships with local distributors will be central to penetrating the Indian market successfully. This expansion into India presents an opportunity for substantial growth and market diversification, ultimately positioning the Company as a key player in the Indian cable manufacturing industry.

- **Continuous investments in R&D**

CSLK is committed to a steadfast strategy of continuous investments in Research and Development (R&D). Recognizing that innovation is pivotal in a rapidly evolving industry, the Company will allocate resources through its internally generate funds, towards exploring cutting-edge technologies, materials, and manufacturing techniques. Through collaborative efforts with industry experts, academic institutions, and research partners, the Company will drive the development of advanced cable solutions that meet emerging market demands. This ongoing commitment to R&D will not only enable the creation of high-performance cables with enhanced durability, efficiency, and safety features but also solidify the Company's reputation as an industry leader. By consistently pushing the boundaries of what is possible, the Company aims to capture new market opportunities, strengthen customer loyalty, and maintain a competitive edge in the dynamic cable manufacturing landscape.

- **Ensuring adequate funding is in place and efficient working capital and cash flow management**

CSLK will meticulously prioritize the establishment of adequate funding mechanisms, coupled with the implementation of astute working capital and cash flow management strategies. By liaising with financial institutions and exploring diverse funding sources, the Company will secure the necessary capital to support its growth initiatives, including expansions, R&D projects, and market penetration efforts. Concurrently, a rigorous approach to working capital management will be adopted, optimizing inventory levels, credit terms, and accounts receivable/payable processes to ensure optimal liquidity. By vigilantly monitoring cash flows and deploying sophisticated forecasting techniques, the Company will not only sustain smooth day-to-day operations but also foster resilience to unforeseen market fluctuations. This unwavering commitment to financial stability and efficient capital utilization will underpin the Company's ability to execute its strategic vision, realize growth targets, and maintain a solid foothold in the competitive cable manufacturing landscape.

3. THE COMPANY

3.7 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

The Company have not been involved, nor are they currently involved in any legal, arbitration or mediation proceedings, which may have a material effect on the Group's financial position and profitability.

As of 30th June 2024, there have been no penalties imposed by any regulatory or state authorities on the Company.

As of 30th June 2024, there were no contingent liabilities that would affect current and future profits of the Company.

3.8 CONTINGENT LIABILITIES

The Company does not have any contingent liabilities.

3.9 TAXATION APPLICABLE TO THE COMPANY

3.9.1 Corporate Income Taxation

The Company is liable to pay tax at the rate of 15% for Export & Deemed Export income, 30% of Local Income. The applicable tax rate for CSIN is 10%. The basis of tax is on the taxable profit allocated as percentages of sales categories.

3.9.2 Value Added Tax (VAT)

CSLK is liable for VAT only for its local sales and is not liable for VAT for export and deemed exports. However, there is suspended VAT for deemed exports and no financial receivable and payable on suspended VAT. For CSIN there is tax GST on the sales similar to VAT in Sri Lanka. Rate is 18%.

3.9.3 Tax Concessions or Tax Exemptions

The tax holidays which were available to CSLK under the BOI Agreement ended in 2017. At present, CSLK pays income tax at a concessionary rate set out in the BOI agreement. CSIN does not have any such concession rates or exemptions.

3.10 DETAILS OF BENEFITS PAID TO PROMOTERS

Consultancy fees are paid to Tempest PE Partners (Private) Limited for the operations of a Corporate Planning and Strategy Unit at CSLK, plus the normal salary and bonus to the Managing Director. There are also arm's length

transactions between CSLK and companies under the ACL Group which would be covered under related party transactions.

3.11 DETAILS OF COMMISSION PAID

CSLK has not paid any commission in the two (02) years preceding the Issue, neither are any commissions payable for subscribing or agreeing to subscribe or procure or agreeing to procure subscription for any Shares of the Company apart from the commission payable on the IPO, as detailed in Section 1.12 of this Prospectus.

3.12 DIRECTORS' INTEREST IN ANY TRANSACTION RELATING TO PROPERTY OF THE ENTITY

SIM Lanka (Private) Limited, a company owned by Mr. Pawan Tejwani, is the owner of the Land that CSLK currently operates in. This transaction was done through a long-term lease which was entered in 2019.

3.13 MATERIAL CONTRACTS

As at the date of the Prospectus there were no material contracts entered into, or any agreements entered with other parties by CSLK within the preceding two (2) years other than those contracts entered into as part of the ordinary course of business.

3.14 SUB-LEASE AGREEMENTS

The Company has not entered into any sub-lease agreements.

3.15 MANAGEMENT DISCUSSION AND ANALYSIS

3.15.1 Summarized Profit and Loss Statement

Table 3.9 Summarized Profit and Loss Statement

LKR	FY21	FY22	FY23*
Revenue	1,074,970,080	1,903,115,106	3,319,967,938
Cost of Sales	(754,803,610)	(1,355,085,349)	(2,240,629,743)
Gross Profit	320,166,470	548,029,757	1,079,338,195
Other Income	18,474,697	16,250,907	16,183,370
Administrative Expenses	(132,713,515)	(183,143,861)	(280,650,325)
Distribution Expenses	(160,482,877)	(83,114,601)	(125,528,725)
Profit from Operations	45,444,775	298,022,202	689,342,515
Finance Cost	(18,040,209)	(16,705,164)	(43,969,462)
Profit Before Tax	27,404,566	281,317,038	645,373,053
Income Tax	(5,963,642)	(48,045,672)	(108,678,358)
Profit After Tax	21,440,924	233,271,366	536,694,695

* FY23 financials reflect the consolidated group figures for CSLK. The group was formed in January 2023.

3.15.2 Summarized Statement of Financial Position

Table 3.10 Summarized Statement of Financial Position

LKR	FY21	FY22	FY23*
Property, Plant & Equipment	465,903,548	498,500,868	792,244,434
Inventories	313,794,496	480,769,803	635,255,061
Trade and Other Receivables	299,994,093	581,244,554	880,595,933
Cash and Bank Balances	79,467,391	15,646,673	74,867,264
Other Assets	47,503,946	52,496,890	80,656,192
Total Assets	1,206,663,474	1,628,658,788	2,463,618,884
Total Equity	612,580,611	721,325,636	1,716,508,368
Loans and Borrowings	346,239,381	205,247,150	289,971,062
Trade and Other Payables	112,130,044	391,478,313	156,691,845
Bank Overdrafts	-	88,093,386	145,744,984
Other Liabilities	135,713,438	222,514,303	154,702,625
Total Liabilities	594,082,863	907,333,152	747,110,516
Total Equity and Liabilities	1,206,663,474	1,628,658,788	2,463,618,884

* FY23 financials reflect the consolidated group figures for CSLK. The group was formed in January 2023.

3.15.3 Summarized Cash Flow Statement

Table 3.11 Summarized Cash Flow Statement

LKR	FY21	FY22	FY23*
Net Profit Before Tax	27,404,566	281,317,038	645,373,053
Operating Profit/Loss before Working Capital Changes	121,275,897	351,721,364	790,245,814
Net Cash Flow From Operating Activities	113,361,594	203,458,834	(129,034,555)
Net Cash Flow From Investing Activities	(19,802,471)	(80,327,242)	(80,688,196)
Net Cash Flow From Financing Activities	105,571,520	(301,683,981)	(47,245,269)
Effect of Movement in Exchange Rate	19,769,730	(26,638,285)	(258,537,013)
Net Increase /Decrease in Cash and Cash Equivalents	179,360,913	(151,914,104)	1,568,993
Cash And Cash Equivalents at the Beginning of the Year	(99,893,522)	79,467,391	(72,446,713)
Cash And Cash Equivalents at the End of the Year	79,467,391	(72,446,713)	(70,877,720)

* FY23 financials reflect the consolidated group figures for CSLK. The group was formed in January 2023.

3.15.4 Financial Review

The increase in gross profit can be attributed to higher USD selling prices, primarily adjusted to accommodate the rise in raw material costs, including Copper and Polymers. Additionally, increased volumes, particularly in deemed export and export transactions, contributed to this positive outcome, alongside enhanced profit margins. The improvement in margins was partially facilitated by the depreciation of the LKR, as certain direct costs, such as labor and electricity, are denominated in LKR, while sales are predominantly in USD.

The escalation in finance costs, rising from LKR 16.7 million in FY22 to LKR 43.9 million in FY23, are attributed to a significant surge in USD interest rates. This notable increase is exemplified by the 1-month LIBOR, which ascended from below 1% during FY22 to 4.75% by March 2023. Concurrently, there was an augmentation in borrowings to meet elevated working capital demands. Despite these developments, the overall net debt-to-equity ratio remained at a manageable 0.17 as of March 2023.

In addition to the increase in gross profit, the expansion in profit after tax was helped by a slower rate of growth in operating expenses (compared to gross profit) which caused a leveraged impact at the profit after tax level. Despite

notable cost pressures, including imperative adjustments for staff salary increments denominated in LKR and heightened staff allowances, such as those pertaining to fuel, the company realized a favorable outcome. This was attributed to the advantageous currency denomination scenario, wherein the majority of operating expenses are in LKR, whereas the predominant revenue stream is in USD.

Despite the significant increase in profit before tax, a negative cash flow for FY23 was incurred mainly due to working capital changes. Receivables increased due to the increased level of revenues and translation of USD receivables to LKR at a much higher exchange rate.

Inventories increased due to a translation of USD inventories to LKR at a much higher exchange rate and stocking up of selected raw materials due to the supply chain issues experienced during most of the year. These issues have almost completely subsided in FY24. In addition, there were considerable payables that were settled during the year (causing a reduction in payable balance) and settlement of related party dues. While this caused a further drag on cash flows, it has resulted in a sizeable increase in net current assets vs FY22.

All the assets and liabilities other than monetary assets in the last year balance sheet were recorded based on the real exchange rate which was booked in the system instead revaluing closing exchange rate at the balance sheet date. However, this year, all the assets and liabilities in the balance sheet were revalued from the closing exchange rate. Therefore, the rate gap between the booked rate and closing rate is high and that gap was affected to higher exchange rates movements in the cashflow during the year.

3.15.5 Other Financial Disclosures

1. The following non-compliances have been identified in the historical audited financial statements.

- Classification of financial assets and liabilities does not align with the requirements outlined in Sri Lanka Financial Reporting Standards (SLFRS) 9.
- The maximum exposure to credit risk at the end of the fiscal year under the credit risk section has not been disclosed as per paragraph 36 of SLFRS 9.
- The age analysis of financial assets which are past due at the end of the fiscal year, yet not impaired, are not disclosed as per paragraph 37 of SLFRS 7.
- Information essential for users of the financial statements to evaluate the entity's objectives, policies, and processes for managing capital have not been disclosed in accordance with paragraph 134 of LKAS 01.
- Line item of the Statement of Comprehensive Income incorporating impairment losses, as required by paragraph 126 of LKAS 36 has not been disclosed.
- The description of the nature and purpose of reserves within equity has not been disclosed.

CSLK will take the necessary measures required to rectify these non-compliances in the audited financial statements for the year ended 31st March 2024.

3. THE COMPANY

2. The Company acknowledges an error in the presentation of the revaluation column within Note 10 of the Statement of Financial Position for the year 2023. This error resulted in the inclusion of both revalued assets and assets purchased since 2019, inflating the revalued assets figure. We assure investors that this error will be rectified in the audited financial statements for the financial year ending 31st March 2024.

3. The reason for the non-disclosure of the amortization balance for leased assets in the cash flow statement for the financial year 2021/22 in the Accountant's Report and 5-Year Summary is that this statement was compiled from the individual audited accounts of CSLK, and the audit for FY 2021/22 followed SME standards instead of full IFRS compliance. Additionally, the lease payments, which are monthly rental payments to a related party of the company, have been recorded as related party transactions in the cash flow statement.

4. CSLK has declared an interim dividend of LKR 0.1320 per share for the year ending 31st March 2024. This dividend will be distributed to shareholders whose names are recorded in the company's books as of 20th June 2024. This declaration is consistent with the company's usual dividend payout policy of 30% of the net profit for the respective year. The independent valuation report formulated by KPMG accounts for the dividend payout policy of the normal course of business.

3.15.6 Industry Review

The specialized cable industry has evolved into catering to a broader range of industries including electrical power transmission, telecommunication, data transmission, underwater power transmission & sensor weighing. Evolving technologies & shifting political & economic grounds have unlocked new opportunities for manufacturers from developing countries to enter the specialized cable industry.

To accommodate the shifting demands & technological improvements; there have been increased demand for high performance cables, fibre optic cables & energy efficient cables. Increased urbanization, industrialization, adoption of renewable energy & technological improvements contributes to an increased need for specialized cables.

Please refer Section 01 of the Valuation report by KPMG for a detailed review of the industry.

3.15.7 Ratios

Table 3.12 Ratios

	FY21	FY22	FY23*
Profitability Ratios			
Gross Profit Margin	30%	29%	33%
Operating Profit Margin	4%	16%	21%
Net Profit Margin	2%	14%	16%
Other Ratios			
Current Ratio	1.61x	1.79x	2.60x
Quick Ratio	0.89x	0.82x	1.60x
Debt to Equity Ratio	0.62x	0.27x	0.27x
Interest Rate Coverage Ratio	2.5x	23.4x	15.8x

* FY23 financials reflect the consolidated group figures for CSLK. The group was formed in January 2023.

3.15.8 BREAK-UP OF CURRENT LOAN DETAILS OF THE COMPANY

The following break-up of current loan details of CSLK are as of 31st December 2023.

Table 3.13 Break-up of current loan details

Bank Name	Category	Currency	Amount (USD)	Amount (LKR)*
Standard Chartered Bank	Short Term Loan	USD	700,000	226,744,000
DFCC Bank	Term Loan 1	USD	160,104	53,480,371
DFCC Bank	Term Loan 2	USD	4,120	1,334,625
Standard Chartered Bank	Overdraft	USD	32,085	10,392,850

* 1USD = LKR 323.92 as at 31st December 2023, Central Bank of Sri Lanka

4. CORPORATE GOVERNANCE

4.1 DIRECTORS

The Board of Directors of CSLK comprise of eight (08) Directors of whom seven (07) are Non-Executive Directors and one (01) is an Executive Director. As at the date of Prospectus the composition of the Board of Directors is as follows:

Table 4.1 Board of Directors

Name	Designation
Mr. Suren Madanayake	Chairman, Non-Independent Non-Executive Director
Mr. Chehan Perera	Independent Non-Executive Director
Mr. Pawan Tejwani	Managing Director (Executive)
Mr. Daya Wahalantantri	Non-Independent Non-Executive Director
Mr. U G Madanayake	Non-Independent Non-Executive Director
Mr. Gihan Perera	Independent Non-Executive Director
Mr. Kusal Jayawardana	Independent Non-Executive Director
Mr. Mahesh Amarasiri	Non-Independent Non-Executive Director
Mr. Avishka Perera	Alternate Director to Mr. Gihan Perera (Independent Non-Executive Director)

Mr. Avishka Perera was appointed as an alternate to Mr. Gihan Perera on the 6th October 2023, and he will continue in this capacity for one year from the date of appointment in compliance with the Corporate Governance Rules.

Upon listing of the entity, all independent directors of CSLK will abide by CSE Listing Rule 9.8.5(a) by submitting a signed and dated declaration annually of his or her “independence” or “non-independence” against the criteria specified in the Listing Rules.

4.2 PROFILES OF THE BOARD OF DIRECTORS

Table 4.2 Director Profiles

Name and Designation	Business Experience
Mr. Suren Madanayake	<p>Mr. Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA.</p> <p>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 Limited 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.</p>

4. CORPORATE GOVERNANCE

Name and Designation	Business Experience
Mr. Chehan Perera	<p>Mr. Chehan Perera counts 28 years following financial markets and managing research and financial services businesses based in South-East Asia and South Asia. This has helped him garner an in-depth understanding of how global financial markets work, what drives investors, fiscal and monetary policy and key strategies required at different stages of a country and individual businesses growth cycle.</p> <p>He spent over 10 years (1995-2005) with the ABN AMRO Group heading research operations in Malaysia, Singapore, Sri Lanka and Mauritius in addition to covering strategy and several other sectors during that period. He was also a part of the Group's equities management team for the ASEAN region.</p> <p>Upon leaving ABN AMRO, Chehan co-founded Insite Equity Ltd and subsequently established Insite Holdings as an investment holding company in Sri Lanka. Insite Equity entered into a partnership with KAF Seagroatt & Campbell Securities in 2006 in Malaysia where Mr. Perera was the lead in building a competitive and well-respected institutional equities business. During that time the institutional business entered into global partnerships with the RBS Group and the New York based Jefferies Group.</p> <p>Mr. Perera worked two years (2017 and 2018) at Malaysian sovereign fund Valuecap Sdn Bhd as Head, Capital Market Research to set up an ASEAN research team with an ESG focus. In addition to MD of Tempest, Chehan is the Chairman of Foodholics Lanka (Pvt) Ltd and a Director of Insite Holdings, Insite Factories, Cable Solutions, SLT Campus, and Insite Brush Manufacturers.</p> <p>He holds a BA (Hons, Summa Cum Laude) from Ithaca College, NY with a major in Economics and a minor in Mathematics. He received his CFA charter in 1999. Mr. Perera has been a board member since 19th December 2019.</p>
Mr. Pawan Tejwani	<p>Mr. Pawan Tejwani holds a Master's Degree in Material Science Engineering from Imperial College, London, and has completed the INSEAD Executive Development Program. Currently, he is a shareholder and Managing Director of SIM Lanka (Pvt) Ltd and Quality Floors (Pvt) Ltd. With over 18 years of experience in the electronic component and cable wires industries, Pawan brings a wealth of expertise to his roles.</p>
Mr. Daya Wahalantantri	<p>Mr. Daya Wahalantantri 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 Master's in Business Administration from the University of Sri Jaywardenepura. 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. He also serves as the director of Cable Solutions Limited.</p>
Mr. U G Madanayake	<p>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 continues to have an active interest in agriculture.</p> <p>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.</p> <p>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 Limited and Resus Energy PLC. He has over 50 years' experience in the cable Industry.</p>

Name and Designation	Business Experience
Mr. Gihan Perera	<p>Mr. Gihan Perera is a distinguished professional and director with a strong background in finance and business management. He began his educational journey at St. Thomas' College, Mount Lavinia, before pursuing higher education both internationally and in Sri Lanka. His pursuit of academic excellence led him to North Carolina Agricultural and Technical State University in the USA, where he earned a Bachelor of Science degree in Finance. During his time at the university, he not only excelled academically but also demonstrated exceptional talent in tennis. Upon graduating with First Class Honors in 1986, Mr. Perera's returned to Sri Lanka, bringing with him a wealth of knowledge and a youthful energy. In 1995, he further solidified his business acumen by completing a Master of Business Administration (MBA) from the Post Graduate Institute of Management at the University of Jayawardanapura, Sri Lanka. Mr. Perera's journey in the family business began in 1987, where he showcased his commitment and expertise in various roles, which ultimately earned him the role of Managing Director in 1997. Gihan's passion for sports, particularly tennis, has been an integral part of his life. Gihan's remarkable journey, from excelling in academia and sports on an international stage to becoming a dynamic leader in the family business, paints a picture of a visionary and accomplished professional. Mr. Perera has been a CSLK board member since 6th October 2023.</p>
Mr. Kusal Jayawardana	<p>Mr. Kusal Jayawardana is presently the Deputy Managing Director of Alliance Finance Company PLC and an independent director of Lanka Ventures PLC and LVL Energy Fund PLC. He brings over 27 years of experience in investment banking, corporate finance, investment management, and financial services. He was instrumental in introducing several innovative capital market products in Sri Lanka and Bangladesh and has executed several landmark capital market transactions.</p> <p>His previous appointments include Managing Director/CEO of NDB Capital Limited, Bangladesh, COO of NDB Capital Holdings Limited, and was a non-executive director of several listed and private entities including Resus Energy PLC, Panasian Power PLC, Lanka Communication Services Limited, and NDB Capital Limited. Mr. Kusal Jayawardana has been a CSLK board member since 6th October 2023.</p>
Mr. Avishka Perera (Alternate to Mr. Gihan Perera)	<p>Mr. Avishka Perera is a seasoned professional with a diverse background in finance. He completed his early education at St. Thomas's College, Mount Lavinia, and later pursued his passion for finance by obtaining a Bachelor of Arts degree in Finance from the Australian National University. After completing his education, he embarked on a dynamic career journey that showcased his skills and expertise in various roles. In 2019, he returned to Sri Lanka and joined MAS Kreedaa as a Business Analyst, where he played an instrumental role in providing strategic insights to the CEO. Currently, he holds prominent positions on the boards of several companies, including Perera and Sons (Bakers) (Private) Limited, where he serves as a director. Beyond his professional achievements, he is known for his passion for tennis. In 2014, he captained the S. Thomas' College Tennis team, showcasing his leadership skills on and off the court. In 2012, Avishka's talent took him to the international stage as a member of the Sri Lanka Junior Davis Cup Team that competed in Melbourne, Australia. Mr. Perera has been a CSLK board member since 6th October 2023.</p>
Mr. Mahesh Amarasiri	<p>Mr. Mahesh Amarasiri possesses over 20 years of professional experience in Strategic Planning and Financial Management in multiple business sectors such as Manufacturing, Investment Banking, Telecommunication, Private Equity and Consumer Retail.</p> <p>He is currently employed at ACL Cables PLC in the capacity of Group Chief Financial Officer (GCFO). He also holds the Board Positions in Resus Energy PLC, Cable Solutions Limited and Ethimale Plantations (Private) Limited.</p> <p>Prior to the current employment, he held the positions of CFO, DSI Group, Senior Vice President-Private Equity Management, NDB Group, Head of Strategic Planning at Etisalat Lanka (Private) Limited, and middle managerial positions at NDB Investment Bank (NDBIB) and MAS Holdings.</p> <p>He is also a member of The Sri Lanka Accounting and Auditing Standards Committee (SLAASC) and a Member of Consumer Affairs Council, Sri Lanka. He was a Board Member of CIMA Sri Lanka and a Membership Assessor.</p> <p>Mr. Amarasiri is an Alumni of Ananda College, Colombo and University of Moratuwa, Sri Lanka. He holds a B.Sc in Electrical Engineering and an MBA in Technology Management. He is a Chartered Global Management Accountant (CGMA) and a Fellow Member of The Chartered Institute of Management Accountants (CIMA), UK. He is also a Member of The Institution of Engineers (IESL), Sri Lanka and Organization of Professional Associations, Sri Lanka (OPA).</p>

4. CORPORATE GOVERNANCE

4.3 AUDIT COMMITTEE

The Audit Committee takes an independent stance when it comes to providing advice and assistance regarding internal functions of the Company. The Audit Committee regularly reviews the performance of the Company through discussions with the Directors and Senior Management, and reviews the Internal Audits carried out by the Internal Auditors. The Audit Committee also monitors all audit activities and ensures compliance with Financial Standards and Statutory regulations.

The Audit Committee of the Parent Company (ACL Cables PLC) will function as the Audit Committee of the Company. The committee comprises of:

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

CSLK will appoint a separate audit committee in compliance with the new Corporate Governance Rules on or before 15th September 2024. Please refer to the full disclosure made under section 4.7 below.

4.4 REMUNERATION COMMITTEE

The Remuneration Committee is responsible to make remuneration policy recommendations to the Board of CSLK and as such works closely with the members of the Board. The Committee is responsible for recommending remuneration packages for the key management and senior management personnel. In addition, they lay down guidelines and parameters for the compensation structure of the management staff. The remuneration policy of the Company is to attract, motivate and retain qualified and experienced personnel and reward performance in a fair manner.

The Remuneration Committee of the Parent Company (ACL Cables PLC) will function as the Remuneration Committee of the Company. The committee comprises of:

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

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

CSLK will appoint a separate remunerations committee in compliance with the new Corporate Governance Rules on or before 15th September 2024. Please refer to the full disclosure made under section 4.7 below.

Please note that the aggregate remuneration paid to the Executive and Non-Executive Directors for the FY23 is LKR 12,258,746.

4.5 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The objective of the Related Party Transaction Review Committee is to ensure there is firm adherence to the guidelines surrounding related party transactions. The Committee ensures that industry best practices are followed and that interests of all stakeholders are considered.

The Related Party Transactions Review Committee of the Parent Company (ACL Cables PLC) will function as the Related Party Transactions Review Committee of the Company. The committee comprises of:

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

CSLK will appoint a separate committee in line with the new Corporate Governance Rules, and will make sure that it complies with the said rules on or before 15th September 2024. Please refer to the full disclosure made under section 4.7 below.

4.6 NOMINATIONS AND GOVERNANCE COMMITTEE

The objective of the Nomination and Governance Committee is to nominate directors to the Board at the end of the tenure/resignation and/or termination of the services of an existing director. The Nominations and Governance Committee will also nominate board members for various positions within

the subcommittees of the board as and when required.

Members of the CSLK Nomination and Governance Committee are as follows:

- Mr. Kusal Jayawardena – Independent Non-Executive Director – Chairman
- Mr. Suren Madanayake – Non-Independent Non-Executive Director – Member
- Mr. Chehan Perera - Independent Non-Executive Director– Member

4.7 Disclosure of Action Plan towards Compliance to Corporate Governance Rules

CSLK recognizes the critical importance of adhering to the corporate governance requirements stipulated by the CSE Listing Rules. The Company is fully committed to maintaining these standards, fostering transparency and accountability within its operations. Currently, CSLK has adhered to most of the Corporate Governance rules as per Section 9 of CSE Listing Rules and is actively engaged in the process of achieving compliance with the below specified sections of noncompliance. The action plan and timeline to achieve compliance with the following rules are outlined below.

• Section 9.2 of CSE Listing Rules – Policies

CSLK is presently conducting an internal analysis and formulating a plan for the development of a robust corporate governance policy framework encompassing all aspects outlined in Section 9.2.1 of the CSE Listing Rules. Discussions are currently underway with legal counsel regarding the preparation of these policies.

The anticipated completion of this process is on or before for 31st August 2024. However, in the event of unforeseen delays, CSLK assures compliance with the requirement within the timelines specified in the CSE listing rules.

• Section 9.3 of CSE Listing Rules – Board Committees

CSLK intends to utilize the existing committees of its parent company, ACL Cables PLC, for remuneration, audit,

and related party transaction review until the process for compliance with Section 9.3 of CSE Listing Rules is finalized. The company is currently engaged in mapping out the requirements for the new committees, evaluating the qualifications required for candidates, and assessing potential candidates for filling the openings in each committee. The expected timeline for the completion of compliance with Section 9.3 is on or before 15th September 2024. However, in the event of unforeseen delays, CSLK assures compliance with the requirement within the timelines specified in the CSE listing rules.

Furthermore, the Company intends to maintain the existing committees until the conclusion of the ongoing audit for FY24, ensuring no disruptions or delays in the audit process.

4.8 DIRECTORS' SHAREHOLDINGS IN THE COMPANY

The Directors direct shareholdings in the Company as at date of submission of Initial Listing Application to the CSE (29th February 2024) are given below:

Table 4.3 Direct shareholdings in the Company

Name of Director	Number of Shares Held	Percentage of Shareholdings
Mr. Pawan Tejwani	91,200,000	20%

There have been no sales and/or purchases of Shares by Directors of CSLK during the year immediately preceding the date of this Prospectus.

4.9 DIRECTORS' INVOLVEMENT IN LITIGATION AND OFFENCES

No Director or a person nominated to become a Director of the Company has been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

No such Director was the subject of any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

4.10 DIRECTORS' INTERESTS

4.10.1 DIRECTORS INTEREST IN ASSETS

None of the Directors have any interest in any assets acquired, disposed of or leased by the Company during the past two (02) years preceding the date of this Prospectus and/or in any assets proposed to be acquired, disposed of or leased during the two (02) years succeeding the Issue.

4.10.2 DIRECTOR INTERESTS IN CONTRACTS

SIM Lanka (Private) Limited, a company owned by Mr. Pawan Tejwani is the owner of the Land that CSLK currently operates in. This transaction was done through a long-term lease which was entered in 2019.

5. HUMAN RESOURCE

5.1 EMPLOYEES

As at 29/01/2024, the number of persons employed are 278 employees.

Executive Employees – 52

Non-Executive Employees – 226

There are no labor unions in the Company.

5.2 CHIEF EXECUTIVE OFFICER

Table 5.1 CEO's Profile

Name	Business Experience
Pawan Tejwani	Pawan holds a Master's Degree in Material Science Engineering from Imperial College, London, and has completed the INSEAD Executive Development Program. Currently, he is a shareholder and Managing Director of SIM Lanka (Pvt) Ltd and Quality Floors (Pvt) Ltd. With over 18 years of experience in the electronic component and cable wires industries, Pawan brings a wealth of expertise to his roles.

The Chief Executive Officer/Managing Director has not been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

6. DECLARATIONS

6.1 DECLARATION BY THE DIRECTORS

We, the undersigned being the Directors of Cable Solutions Limited, hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that the provisions of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007 and any amendments made thereto from time to time, have been complied with and after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

We further declare that the profit forecasts have been included in this Prospectus after due and careful inquiry of the information available with the Company and assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

Name of the Director	Designation	Signature
Mr. Suren Madanayake	Chairman and Non-Independent Non-Executive Director	(Sgd.)
Mr. Chehan Perera	Independent Non-Executive Director	(Sgd.)
Mr. Pawan Tejwani	Chief Executive Officer/ Managing Director (Executive)	(Sgd.)
Mr. Daya Wahalantantri	Non-Independent Non-Executive Director	(Sgd.)
Mr. U G Madanayake	Non-Independent Non-Executive Director	(Sgd.)
Mr. Gihan Perera <i>(Alternative Director Mr. Avishka Perera)</i>	Independent Non-Executive Director	(Sgd.)
Mr. Kusal Jayawardana	Independent Non-Executive Director	(Sgd.)
Mr. Mahesh Amarasiri	Non-Independent Non-Executive Director	(Sgd.)

6.2 DECLARATION BY THE COMPANY

We, Cable Solutions Limited, having our Registered office at Ranmuthugala Estate, Kadawatha, Sri Lanka, hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Offer and the Company. Moreover, we confirm that Cable Solutions Limited has no conflict of interest with the parties to the issue who are expected/considered to be independent.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all of the Ordinary Voting Shares issued by the Company, and those Ordinary Voting Shares which are the subject of this Offer. Such permission will be granted when the Ordinary Voting Shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the Shares Offered.

Signed by Chehan Perera and Pawan Tejwani duly authorized signatories of the Company.

(Sgd.)
Director

(Sgd.)
Director

6.3 DECLARATION BY THE MANAGERS AND FINANCIAL ADVISORS TO THE ISSUE

We, Asia Securities Advisors (Private) Limited of 4th Floor, Lee Hedges Tower, 349, Galle Road, Colombo 03 hereby declare that to the best of our knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offer and the Company and we have satisfied ourselves that the profit forecasts had been stated by the Directors after due and careful inquiry.

The Directors seal of Asia Securities Advisors (Private) Limited is affixed on 02nd day of July 2024 Colombo in the presence of two Directors.

(Sgd.)
Director

(Sgd.)
Director