

ACL CABLES PLC | ANNUAL REPORT 2022/23

CHARTING A PATH OF SUCCESS

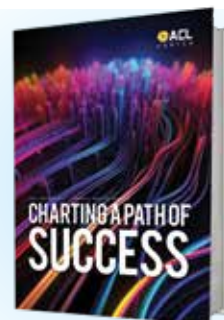
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GROUP
STRUCTURE



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Awards &
Certifications



CHARTING A PATH OF SUCCESS

Success is rarely achieved in isolation, and our organisation emphasises the value we place on strong partnerships. We showcase our collaborations with strategic allies, suppliers, and stakeholders that have played a pivotal role in our growth. By nurturing these relationships, we have unlocked new opportunities, expanded our reach, and created mutually beneficial outcomes.

We proudly present the remarkable journey of our organisation as we navigated through challenges, embraced opportunities, and charted a path of unparalleled success. With a steadfast commitment to excellence, innovation, and unwavering determination, we have achieved significant milestones and set new benchmarks in the pursuit of our vision.

While we reflect on the path that we have travelled and the remarkable success we have achieved, we continuously look ahead to the future, confident that our journey of success will continue to inspire and lead us to even greater heights.



ABOUT US

VISION

To be the preferred brand of electric cables in the region, whilst strengthening the dominant position in Sri Lanka.

MISSION

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





VALUES

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

CUSTOMERS

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

PEOPLE

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

SUPPLIERS

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

SHAREHOLDERS

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

COMMUNITY

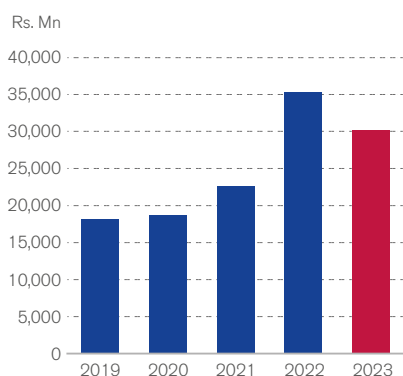
- We carry out our activities in an environment friendly manner, contributing towards a safer and healthier community.
- We maintain ethical standards.

GROUP FINANCIAL HIGHLIGHTS

	2023 LKR Million	2022 LKR Million
Operations		
Turnover	30,147	35,329
Gross Profit	10,988	7,932
Net Finance Income/(Cost)	(48)	237
Profit before Tax	9,165	6,237
Profit after Tax	7,013	5,114
Total Equity	27,458	20,141
Key Financial Indicators		
Gross Profit Margin	36.45%	22.45%
Net Profit Margin before Tax	30.40%	17.65%
Interest Cover (Times)	11.23	14.58
Return on Equity	25.54%	25.39%
Current Ratio (Times)	3.99	2.25

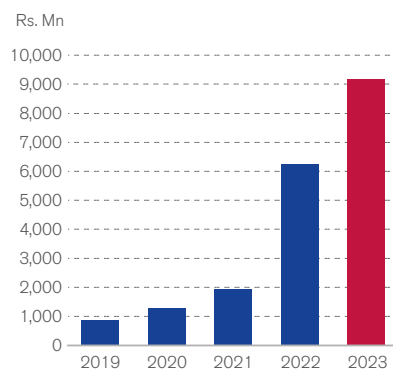
Revenue

for the year ended 31 March



Net Profit Before Tax

for the year ended 31 March





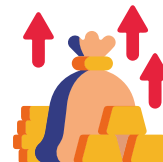
COMPANY NET REVENUE
LKR 15,725 Mn



PROFIT TO GROUP EQUITY HOLDERS
85%



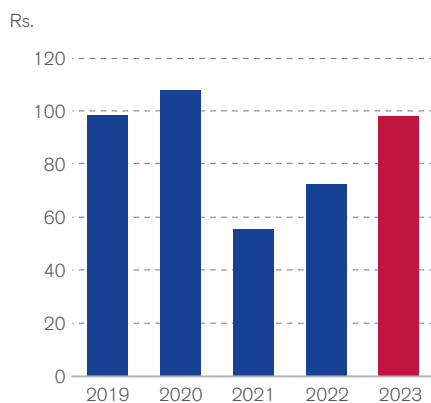
GROUP NET REVENUE
LKR 30,147 Mn



PROFIT TO GROUP EQUITY HOLDERS
LKR 5,952 Mn

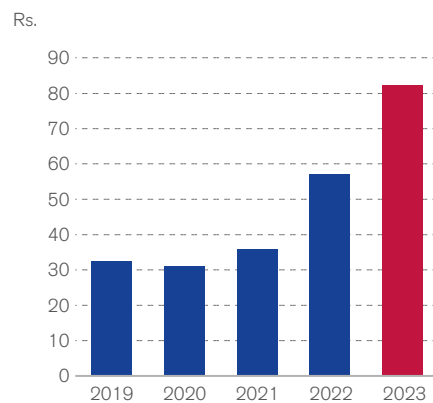
Net Assets per Share

as at 31 March



Market Value per Share

as at 31 March



MILESTONES

1962	Within a period of one year, manufacture of electric cables commenced in Sri Lanka for the first time with Japanese technical assistance within the AMW Industrial complex at Kalutara.	1976	Facilities for drawing of Copper wires were added.	1980	Joint Venture with Aluminium Industries Ltd, India for the manufacture of 1400 M/Ts of Aluminium conductors.	1982
In March 1962, Associated Motorways Ltd (AMW) incorporated Associated Cables Ltd as a Subsidiary for the manufacture of electric cables.	1963	The Company became a public quoted Company under the rules of Colombo Brokers Association.	1978	The Company moved out of AMW Group. Aluminium Conductor plant was set up for the manufacture of AAC and ACSR.	1981	Establishment of own distribution network island wide.
2006	Winning the Achievers Gold Award for Performance Excellence awarded by the Ceylon National Chamber of Industries, Sri Lanka, National Quality Award and Taiki Akimoto Award on 5S.	2008	Incorporation of Ceylon Copper (Pvt) Ltd. to manufacture copper rods. ACL secured SLS Certification for Armored Cables this year for the first time in Sri Lanka.	2013	Introduction of Fire Resistance Circuit Integrity Power Cables.	2015
Incorporation of ACL Metals & Alloys (Private) Ltd and ACL Polymers (Private) Ltd. Introduction of Fireguard and other fire rated range of Products.	2007	ACL Cables PLC awarded the highest award of Asia Pacific Quality Organization beating participants from 46 countries. Recognised as a world-class Company. Awarded Super Brand status for the ACL brand.	2012	Incorporation of ACL Electric (Pvt) Ltd. to manufacture electrical accessories.	2014	ACL Cables PLC acquired 35% stake of Hemas Power PLC & renamed company as RESUS Energy PLC. As a result of share buyback by RESUS Energy PLC during 2015/2016, ACL Cables PLC's stake was reduced to 31.71%.

1986 Production of Armoured cable commenced at Piliyandala Factory.	Company entered into a technical collaboration agreement with Nokia Cables Finland, for manufacturing of Aerial Bundled Cables and XLPE Insulated Cables.	1990 The name of the Company was changed from Associated Cables Ltd. to ACL Cables Ltd, in order to establish an independent identity for the Company.	ACL Plastics Limited was incorporated for the manufacture of PVC compound.	1993 Second technical collaboration agreement with NOKIA Cables of Finland for drawing and ageing Aluminium Alloy conductors. Commenced manufacturing of PVC compound at ACL Plastics Ltd, Ekala.	Export of Cables commenced to Bangladesh and Maldives. Acquisition of Ceylon Bulbs & Electricals Ltd.	1999 Acquisition of Kelani Cables Ltd. Introduction of Power - X and Flexi cables.
2016 ICRA Lanka Limited, Subsidiary of ICRA Limited, group company of Moody's Investors Service has assigned an Issuer rating of [SL] A+ (pronounced S L A plus) with stable outlook to ACL Cables PLC.	1988	2017 Introduction of ACL Elegance switches & sockets ACL Cables PLC achieved the prestigious Master Brand status for 2017, conferred by Chief Marketing Officers (CMO) Asia in partnership with the World Marketing Congress. A Master Brand status is conferred only to top tier brands in a particular category and in recognition of market dominance. Once the status is awarded on a single brand, the competing brands are excluded from the category.	1991	2018 ACL Cables PLC Acquired 51% Stake of Cable Solutions Pvt Ltd	1995	2022 ACL was recognised in Business today awards top 40 companies
2019	2023	ICRA Lanka Limited has upgraded the Issuer rating of ACL Cables PLC ("ACL"/ "the Company") to [SL] AA- (pronounced S L Double A minus[1]) from [SL] A+; the Outlook remains Stable.				

MANAGEMENT DISCUSSION AND ANALYSIS

1. Domestic Economy

The Sri Lankan economy faced its most onerous year in its post-independence history in 2022, comprising severe economic hardship that led to both public anxiety and political upheaval followed by the declaration of bankruptcy at the beginning of the financial year.

There have been many policy initiatives taken to arrest the situation by the authorities including both fiscal and monetary policy measures.

There has been a sharp increase in the policy rates at the beginning of the financial year followed by sharp depreciation of the currency. Further, there has been a significant increase of the inflation during the first quarter mainly driven by the supply side constraints.

There have been many restrictions on imports partly driven by the non-availability of foreign exchange as well as government-imposed restrictions on certain types of imports.

The exchange rate was relatively stable during most part of the year following the sharp depreciation of the currency at the beginning of the financial year mainly due to the daily guidance on the exchange rate by the Central Bank to curtail undue intraday volatilities.

Further, the political uncertainty prevailed in the first quarter of the financial year created detrimental effects on the domestic business environment.

The Government initiated measures in early 2022 to seek assistance from the International Monetary Fund (IMF) after months of indecisiveness and a successful staff level agreement was reached at the end of the second quarter of the financial year.

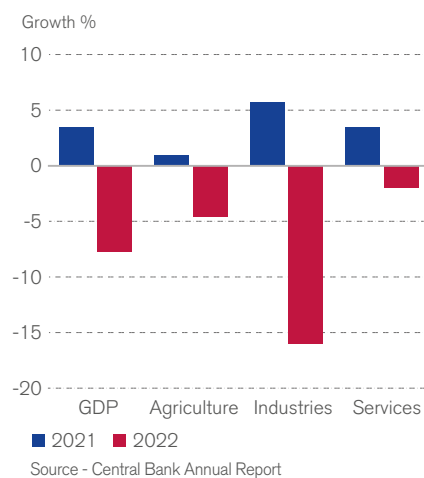
Various fiscal policy measures including increase in corporate taxes and re-introducing new taxes took place during the second and third quarters of the financial year following the IMF staff level agreement.

A downward trend in policy rates and inflation has been observed during the latter part of the financial year and an appreciation of the rupee was observed towards the end of the financial year.

The overall size of the Sri Lankan economy contracted by 7.8% in 2022. As a result, the GDP per capita reduced to USD 3,474 in 2022 from USD 3,997 in 2021.

The industrial sector contracted by 16 % in 2022 from 5.7 growth in 2021 due to the adverse economic environment whilst the Construction Sector has shown a more than proportionate contraction by recording 20.9% contraction in 2022 from a growth of 1.9% in 2021.

Annual Growth Rates of GDP and Sectors in 2022 vs 2021



The growth momentum that has been witnessed following the Covid outbreak has been disrupted in the last financial year due to the adverse business environment of the country. However, the improvements in foreign exchange availability coupled with reduction in interest rates and easing off of inflation will enable to arrest further contraction of the economy.

With the country's need for power rising gradually over the past five years, the government is pushing for a bigger percentage of renewable

energy (RE) because of the urgent need to reduce carbon emissions and the cost of coal and oil-fired power stations. Given the increased tariff competitiveness and the robust sustainability/green initiatives by user industries to continue sourcing their energy needs from renewable sources, It is anticipates that demand prospects for the addition of RE capacity will continue to be favorable.

The Sri Lankan government set a goal of achieving 70% renewable energy generation by 2030 and becoming carbon neutral by 2050. The Ministry of Power and Energy, Public Utilities Commission of Sri Lanka (PUCSL), and electricity sector service providers take measures to achieve these targets. therefore the RE sector is expected to expand further. It is expected to add 1000 MW of solar electricity to the national grid by 2025 and 1500 MW by 2030 through this intervention. Under this programme, the consumers will have options to generate and use electricity in their premises.

These measures will, in turn, create a significant demand for T&D lines making the wire and cable sector among the key beneficiaries. Further, ACL Cables PLC will reap the benefits of the growth in the Renewable Energy sector with its strategic investment in Resus Energy PLC.

2. Construction Sector

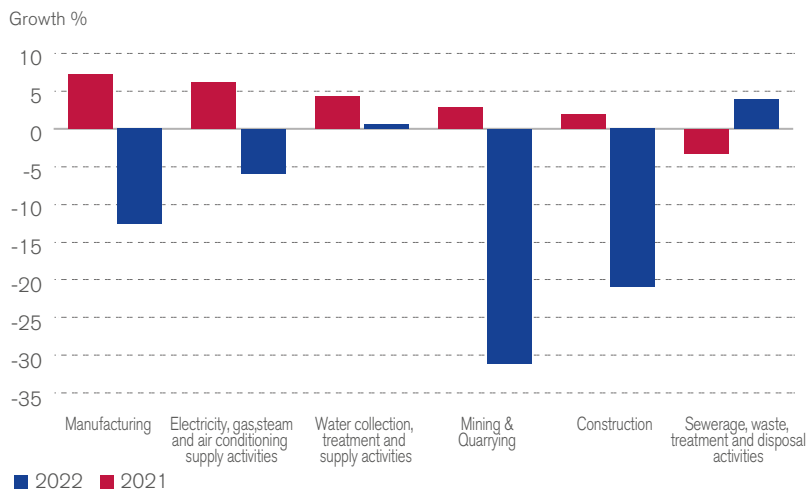
The construction sector witnessed a sharp contraction of 20.9% 2022 compared to 1.9% growth in 2021. A Similar, but less than proportionate contraction of 12.6% was observed in the Manufacturing Sector that provides inputs to the construction sector. As a result the share of GDP by the construction sector reduced to 7.7% in 2022 compared to 9% in 2021.

The growth drivers for the industry predominantly depends on the following factors:

1. Low interest rates
2. Low taxes
3. Government expenditure on the infrastructure

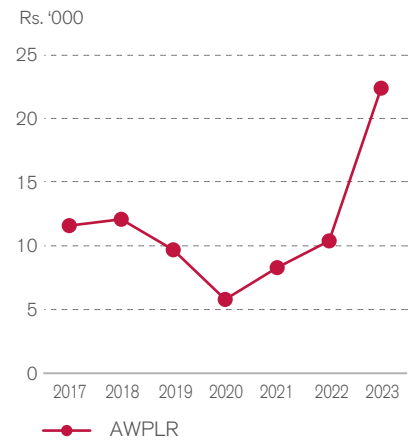
It was noted a sharp increase in interest rates and taxes whilst a considerable reduction in government expenditure thus impacting negatively to the growth in the construction sector.

Annual Growth Rates: Sub Sectors of the Industry Sector



Source - Central Bank Annual Report

AWPLR



3. Capabilities

ACL Cables PLC is a fully integrated Cable Manufacturer with strong presence in every part of our value chain to deliver high quality products that satisfy the needs of the customers. The Group operates 7 manufacturing facilities coupled by 16 warehouses and access to 1,031 dealers with 201 distributors.



MANAGEMENT DISCUSSION AND ANALYSIS

4. Business Performance

ACL Cables has performed exceptionally well in FY 2022/23 with 15.7 Bn Turnover and Profit after tax of 2.4 Bn with a growth of 52%. The key performance indicators are as follows.

- Gross profits improved by 59% to LKR 4.6 Bn.
- Operating Profit increased by 90% to LKR 4 Bn whilst operating margin increased to 25% from 11% last year.
- Profit Before tax increased by 63% to LKR 3.2Bn.

5. Awards and Recognitions

We are delighted to highlight the exceptional achievements and recognition our company has received throughout the year. These accolades reinforce our commitment to excellence and showcase our dedication to delivering outstanding products and services.

Our unwavering commitment to maintaining the highest standards of compliance has been acknowledged through the prestigious CA TAGS Compliance Award.

Further, It is with great pride that we announce our inclusion in the exclusive Top 40 Business Today Award list. This esteemed accolade celebrates our company's remarkable growth, innovative strategies, and exceptional contributions to the business landscape.

In addition to above, We are honoured to have received the prestigious LongHorn 100 Awards presented by The Texas Exes. This recognition acknowledges our company's significant growth, financial strength, and enduring impact on the community.

Pioneering the digitalisation for operations excellence ACL Cables PLC was the first company listed in

CSE to introduce E-warrants which was part of the digital initiative of CSE and the company was recognised for this initiative by CSE.

6. Outlook

We will focus on strengthening our manufacturing and distribution capabilities with cost optimisation and driving operational efficiencies whilst keeping an eye on the operational environment. Further, there will be more focus on offshoring and exports whilst strengthening the local business.

With the conclusion of the Staff level Agreement with the IMF followed by Debt Restructuring it is expected that the macro variables such as inflation and interest rates will improve enabling faster recovery of the construction sector.

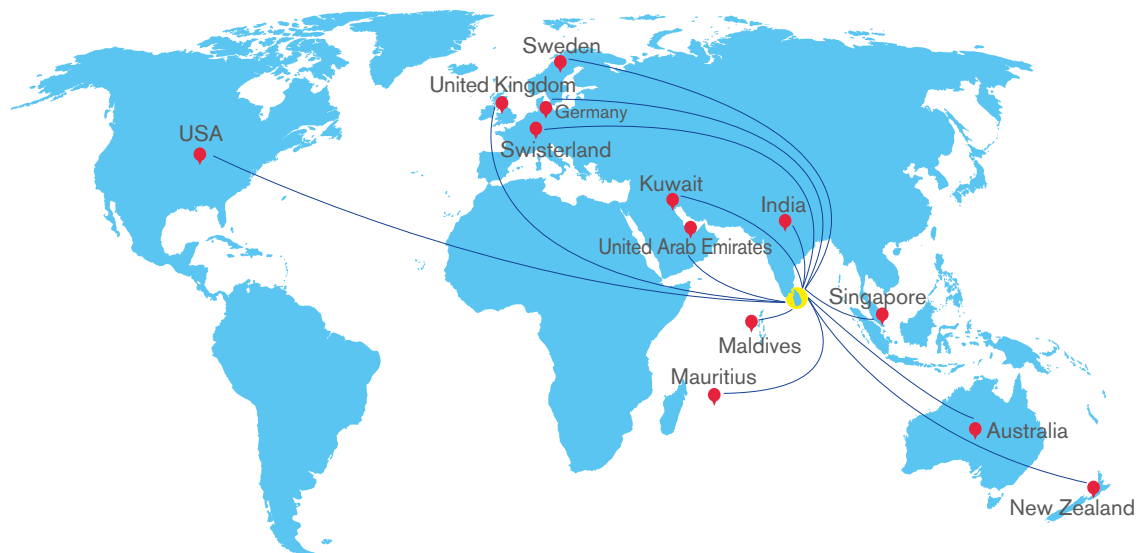


SEGMENTAL REVIEW

EXPORT

Expanding horizons to foster growth

As the global economies open up, we are poised to reignite our growth aspirations in international markets.



Current Position

Our diversified portfolio, premium products, customised solutions, strategic pricing approach and deep industry knowledge help us to cater to the ever-evolving needs of our overseas customers. We export multiple products including domestic cables, power cables, and switches and accessories to customers in more than 10 countries across the world.

Our export division closely works with our clients to develop strong relationships with them. Increasing collaborations with dealer and distributor networks in overseas customers is adding value to our proposition and helping us to engage effectively with our existing and potential customers.

Despite the economic contraction, we managed to import the raw materials on time and cater our overseas customers

with on time deliveries. Thanks to favourable exchange rate and the new market opportunities, we were able to substantially grow our export business during the period .

Our Focus

We aim to increase our footprint in the already established international markets and branch out into new regions in order to take the export business to the next level.



SEGMENTAL REVIEW

INSTITUTION

Capitalising on Project Market

Maximising Market Potential: Leveraging Government and Private Sector Investments for Rapid Growth in ACL Cables PLC Institutional Segment.



Current Position

Over the years, ACL has emerged to be a dominant player in the institutional market backed by strong pre-qualification credentials, multi product portfolio, unique manufacturing capabilities, and widespread product availability across Island. Our institutional product range

comprises LV power cables control and telecommunication cables and Medium HV conductors and other solutions.

Our sales team is focused on achieving better results in spite of contracting demand conditions due to the economic downfall and continue to do so with expected improvements in the economy .

Our Focus

We aim to garner a higher market share in the institutional segment. We are also focused on introducing new products into the institution market to fuel our growth ambition in the institution segment.

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 Sri Lanka Telecom	 Hayleys Fentons	 MĀGA the saga of quality construction	 ආරක්ෂක අමාත්‍යාංශය Ministry of Defence
 Sri Lanka Navy	 Airport & Aviation Services (Sri Lanka) (Private) Limited	 Access Engineering	 Sri Lanka Air Force
 ශ්‍රී ලංකා දුම්රිය දෙපාර්තමේන්තුව Sri Lanka Railway Department	 ICC DEVELOPERS (PVT) LTD	 ILLUKKUMBURA INDUSTRIAL AUTOMATION (PVT) LTD	 Sanken CONSTRUCTION sky's the limit



SEGMENTAL REVIEW

RETAIL MARKET

Exploring Opportunities

Our focus is on growing our retail segment by capturing opportunities in the midst of economic growth



Current Position

ACL is a branded product in the local retail market and the brand has created significant value in our consumers mind. Hence we were able to capture the significant market share in the retail market, with the overall electrical solutions our valued distributors and dealers have promoted our products.

During the FY 2022-23 we mainly focused on protecting our customers and giving confidence, as the economy and the political uncertainty prevailed during the financial year had a significant impact on our retail segment.

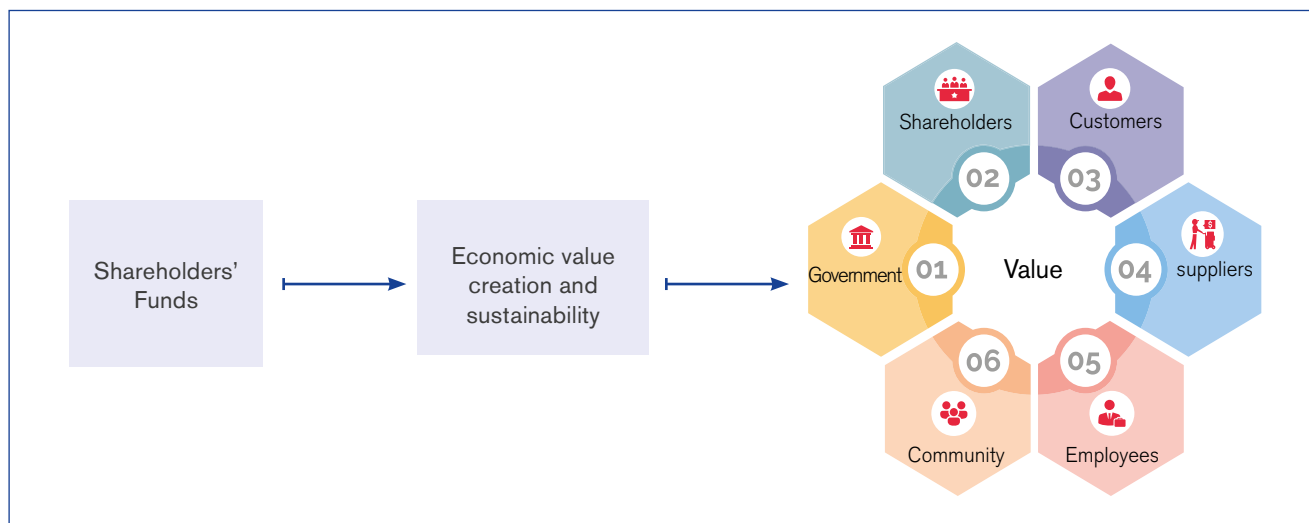
Despite all the challenges we faced, our marketing team was able to achieve superior performance in FY 2022-23, proving our dynamism factor through our retail market and brand identity.

Our Focus

We aim to explore more opportunities in the retail market and gain higher market share in this segment. To support our goal of expansion in the retail segment, we are also concentrating on expanding our presence of our switch and MCB ranges into the market, whilst strengthening our brand presence.



FINANCIAL CAPITAL



THE ACL GROUP DEMONSTRATED ITS RESILIENCE BY REPORTING A REVENUE OF RS. 30,147 MN. THE GROUP'S PROFIT AFTER TAX INCREASED TO RS. 7,013 MN BY 37% COMPARED TO YEAR 2021/22.



GROUP EARNINGS
LKR 30,147 Mn



GROUP PAT
LKR 7,013 Mn

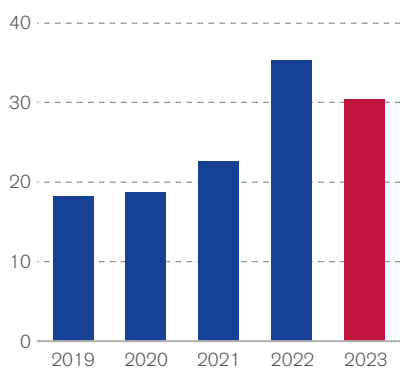


GROUP NET ASSETS
LKR 27,458 Mn

Revenue

for the year ended 31 March

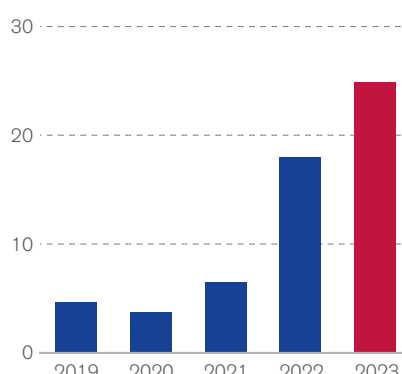
Rs. Bn



Earnings Per Share (EPS)

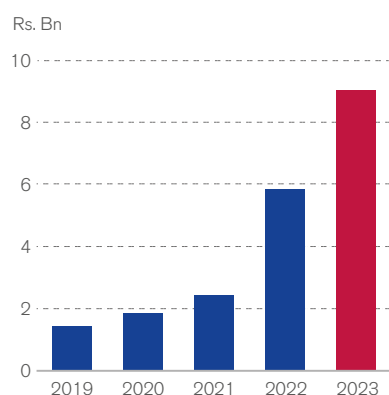
for the year ended 31 March

Rs.

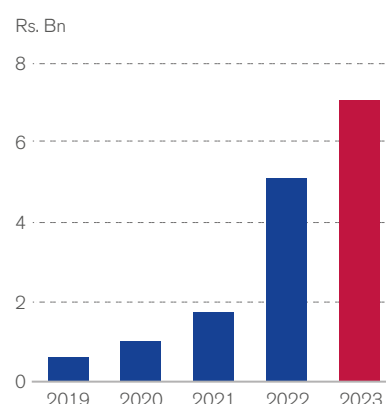


Earnings before Interest & Taxes (EBIT)

for the year ended 31 March

**Profit after Tax (PAT)**

for the year ended 31 March

**FINANCIAL PERFORMANCE**

Despite the economic challenges the Group produced an exceptional financial performance to conclude the fiscal year with a consolidated revenue of Rs. 30,147 Mn.

Profit before tax increased by 47% in financial year 2022/2023 recording a profit of Rs. 9,165 Mn compared with Rs. 6,237 Mn in financial year 2021/2022.

FINANCIAL POSITION

Group's Total Assets increased by 7.4% to Rs. 36,111 Mn during the 2022/23 financial year.

The Group's total exposure to external borrowings is Rs. 4,281 Mn which reflects a decrease of 33% compared with the last financial year. The Group was able to maintain the gearing ratio at 13% during the current financial year.

Working capital increased from Rs. 14,061 Mn to Rs. 20,344 Mn. Mainly due to the increase in the Inventories and decrease in payables.

Company current ratio increased from 2.2 to 3.9 during the year.

Capital expenditure for the year was Rs. 231 Mn which was mainly funded by Debt.

Profitability

	2022/23	2021/22	Change %
Revenue (Rs. Mn)	30,147	35,329	(15%)
Gross Profit (Rs. Mn)	10,988	7,932	38%
GP Margin	36%	22%	64%
Profit After tax (Rs. Mn)	7,013	5,114	37%
NP Margin	23%	14%	64%

Financial Stability

	2022/23	2021/22	Change %
Equity (Rs. Mn)	27,458	20,141	36%
Borrowings (Rs. Mn)	4,281	6,365	(33%)
Gearing	13%	24%	(44%)

Liquidity

	2022/23	2021/22	Change %
Current ratio	3.99	2.25	77%
Quick asset ratio	2.27	1.42	60%

HUMAN CAPITAL

ACL GROUP CARRIES A HUMAN CAPITAL OF A HUMAN CAPITAL OF 1,641 EMPLOYEES DURING THE YEAR UNDER REVIEW. IT CONSISTS OF EXECUTIVE STAFF, PERMANENT STAFF AND CONTRACT STAFF. DURING THE YEAR, 177 NEW STAFF MEMBERS WERE RECRUITED AND 3,693 HOURS OF TRAINING WERE HELD TO ENHANCE OUR SERVICES TO THE CUSTOMER.



NO OF EMPLOYEES
1,641



NEW HIRES
177

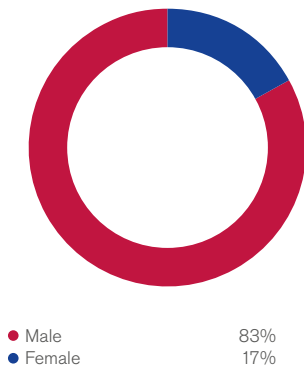


REMUNERATION
LKR 1,847 Mn

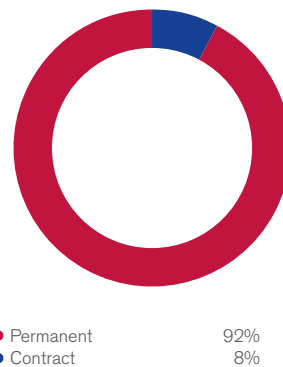
No of Employees

	2022/23	2021/22	2020/21	2020/19	2019/18
No of employees	1641	1634	1,805	1,705	1,430

Group Total Employees by Gender



Types of Employment Contracts



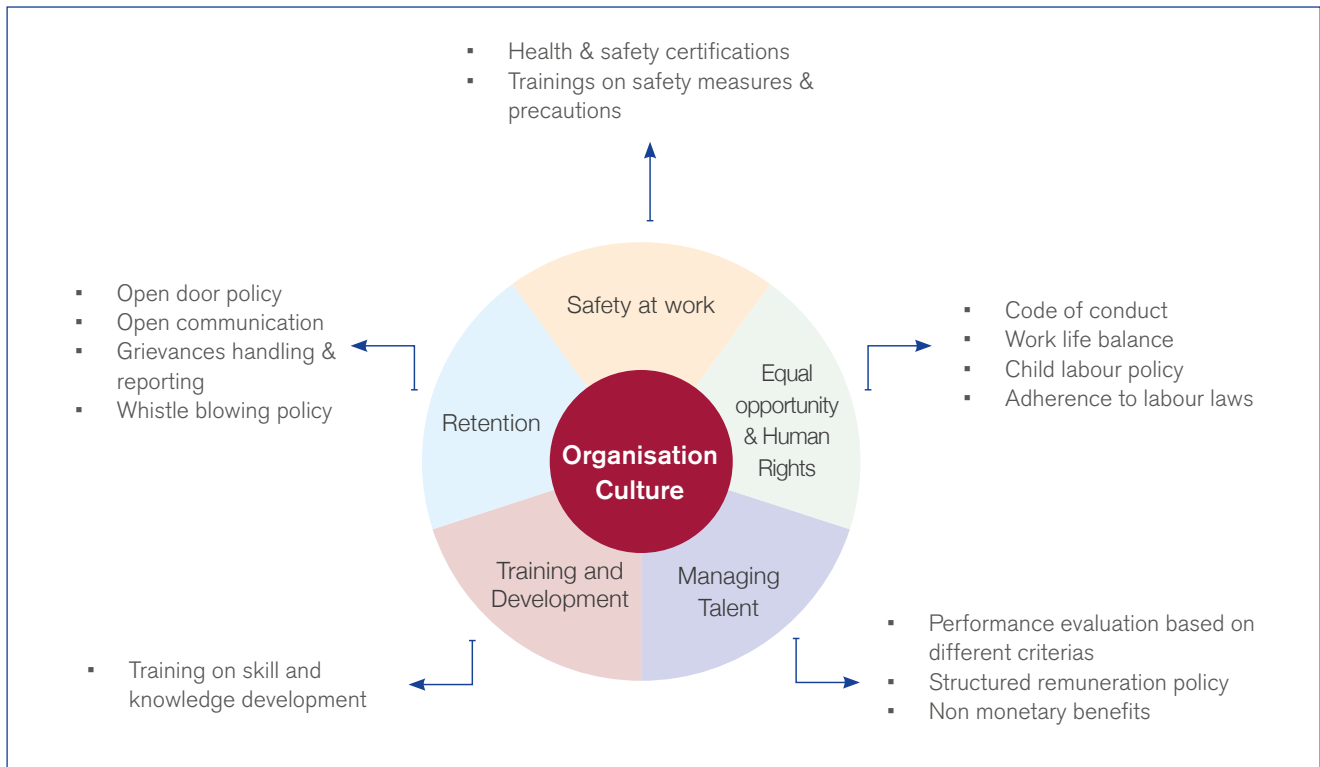
Age analysis

	Under 30 years	30 -50 years	Over 50 years	Total
No of employees 2022/23	618	770	253	1,641
No of employees 2021/22	623	804	207	1,634



OUR HUMAN CAPITAL STRATEGIES

Our work culture and the strategies are based on sound governance, work ethics and policies to ensure an encouraging working environment for our employees covering the following key areas:



Remunerations and Benefits

The Group remuneration and benefits for the year amounted to Rs. 2,076 Mn compared to Rs. 1,963 Mn in 2022.

Employee Remuneration and Benefits

	2022/23	2021/22	2020/21	2019/20
Salaries, wages and related costs	2,076	1,963	1,807	1,624

HUMAN CAPITAL

Employee Engagement

Employee engagement was challenged by the prevalent conditions and it has resulted in reducing employee engagement during the year. Despite the economic downturn ACL group prompting the Group to adopt various activities to conducted to improve employee spirit and camaraderie through numerous initiatives.

As a result of these initiatives, employees worked together with the Management to understand the organisation pain points and support the Group's commercial sustainability through accepting redeployments and transfers.



Recognising our employers

We encourage employee retention at our work place to ensure our trained staff is stays with us. As a token of honour and recognition for such long standing employees we reward employees who served ACL for over 25 years with a one-pound gold coin presented by our Chairman and Managing Director.



Overnight Pirith Ceremony

To celebrate 60th Anniversary of the company ACL welfare society organised an overnight pirith ceremony at the ACL Head office on 11th November 2022



Employee Training and Development

A progressive learning strategy is an important prerequisite in meeting future business needs in today's dynamic and complex operating landscape. As a group, we always believe that developing people's capabilities and skills is very important to achieve the company goals. The group held leadership and motivational development programmes, as well as on-the-job training programmes, with the goal of nurturing the next generation.



EMPLOYEE WELL-BEING AND SAFETY

Occupational health and safety measures were maintained, backed up by strong governance structures, safety certification compliance, as well as tools and procedures for identifying and reporting potential health and safety risks. Further, health of our employees is of utmost importance and the Group successfully balanced this with the need to ensure continuity and productivity of operations.



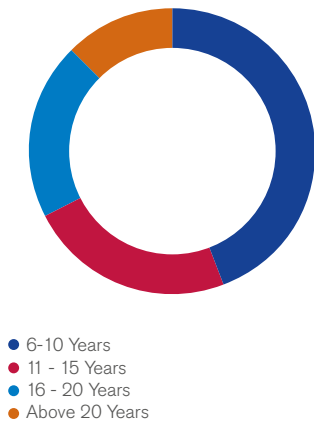
INTELLECTUAL CAPITAL

ACL GROUP PROVIDES A GREATER PROMINENCE TO INTELLECTUAL CAPITAL AS IT IS CONSIDERED AS A CRITICAL SUCCESS FACTOR IN THE PROCESS OF SUSTAINABLE VALUE CREATION. IT EMBRACES OUR BRAND IDENTITY, THE MANAGEMENT SYSTEMS, AND PROCESSES, AND THE TACIT KNOWLEDGE OF OUR EMPLOYEES. WE ALWAYS PLACE UTMOST PRIORITY TO ENHANCE OUR INTELLECTUAL CAPITAL THROUGH CONTINUOUS INNOVATIONAL STRATEGIES FOR THE BENEFIT OF OUR EMPLOYEES.

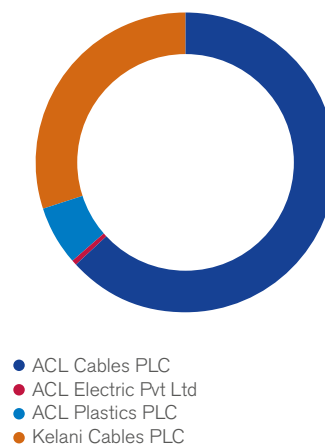
Knowledge, Skills and Experience

As an electrical cable manufacturer, professional expertise is one of our key competencies related to the products we provide to our customers. ACL's knowledge and expertise has been built and enhanced through years of experience operating in the manufacturing sector. Professional expertise ensures that we deliver high quality products consistently to the customers. We enhance our intellectual capital through continuous professional development strategies and we have been successful in retaining the talents and expertise within our Group which drive sustainable growth and success.

Staff by number of years in service



Staff with over 10 years of service



Processes, Systems and Procedures

Our processes, systems and procedures are efficient and they define clear responsibilities of our team members to meet the business promises and to position ACL ahead of the competition. Our business operations are driven by the Project Management Systems, Financial Reporting processes, Risk mitigating and internal controls, Environment Management systems and systems and health and safety control systems. These processes, systems and procedures are designed and reviewed continuously in a comprehensive manner to ensure that the benchmarks and operational objectives are achieved and followed.

Quality Standards

ACL has been recognised over the years for its product quality, expertise, as reflected in the below certifications and accreditations;

- ISO Certificates
- National Quality award

Brand Value

As a pioneer in Sri Lanka's electrical cable manufacturing sector, we have ensured to provide super quality products to our customers, which has earned ACL the trust and positive reputation of our valuable customers. The brand ACL ranked as the most valuable building material brand by LMD Brands Annual Ranking 2022 and our brand has been among the Top 50 most valuable consumer brands in Sri Lanka consecutively for past seven decades

Culture

ACL has always maintained an open, cooperative, growth culture within our organisation which is comprehensive and nurturing. Our core values, objectives, business and work ethics, practices and procedures are directed by our organisation culture, which has a solid influence in every aspect of our business. We have encouraged consistent open communication among our employees and other stakeholders through our open-door policy and customer suggestion handling. We also created a sense of community and a corporate culture within the organisation to encourage career progression by inspiring our employees to achieve their aspirations, by motivation and rewarding our employees to reach great heights of success.

MANUFACTURED CAPITAL

MANUFACTURED CAPITAL IS A VITAL FACTOR OF THE GROUP'S SUSTAINABLE VALUE CREATION PROCESS. IT EMPOWERS AND ENSURES THAT THE PRODUCTS BEING MANUFACTURED AND DELIVERED TO ALL CUSTOMERS ARE OF SUPERIOR QUALITY THUS STRENGTHENING THE BRAND.



PPE

Rs. 5,604 Mn



CAPEX

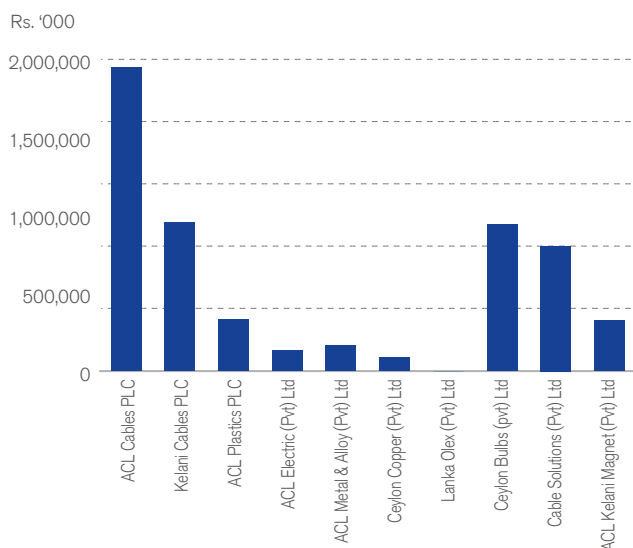
Rs. 231 Mn



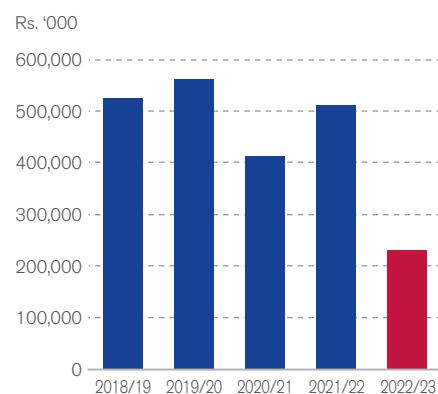
NO OF PLANTS

7

PPE by Company



Investment in PPE



WAY FORWARD

With the goal of increasing foreign exchange generation capacity, the Group will continue to direct investments toward strengthening its value-added product offerings and export-oriented businesses. Sustainable manufacturing methods will be prioritised in investment decisions as the Group strives to integrate environmental consciousness into all aspects of its operations.

CHAIRMAN'S MESSAGE

The group marked a historical milestone during the year under review, delivering the highest ever profit before tax of Rs.9.2 billion.



TURNOVER - GROUP

30,147 Rs. Mn



NET PROFIT - GROUP

7,013 Rs. Mn

On behalf of ACL Cables PLC, it is my utmost pleasure to welcome you to the 61st Annual General Meeting. I am delighted to present to you our Annual Report and audited financial statements for the year ended 2022/2023. Despite the challenging macroeconomic activities and adverse economic impacts witnessed throughout the financial year, ACL Cables PLC has emerged triumphantly, experiencing a highly successful year as a group. Our unwavering commitment, strategic initiatives, and dedicated team have enabled us to navigate these hurdles and achieve remarkable results.

I am excited to announce the phenomenal growth in ACL Group's

CHAIRMAN'S MESSAGE

net profit and shareholder earnings compared to the previous fiscal year. The dedication and strategic decisions of our team have yielded exceptional results, making this year an immensely successful milestone in the 61-year history of ACL Group.

Economic Outlook

The economic activities were hampered by the unexpected socio-political unrest developed in the country during the year. This led to the local economy that was already in a fragile state, but eyeing itself for a recovery from its post pandemic challenges, to contract further and decelerate the economic activities. The real sector GDP of the country recorded a significant contraction and it recorded a drop of 7.8%. The GDP per capita too decreased to USD 3474 in 2022 from USD 3997 in 2021.

The drop in the industrial sector had a direct effect on the performances of the group, primarily due to the dampened performance of the construction and manufacturing subsectors amidst severe shortages in raw materials and input cost escalations. The energy crisis and tighter monetary conditions also weighed on the performance of the industry subsectors. The construction subsector, which accounted for 28.0 per cent of the industry sector, registered a year-on-year contraction of 20.9 per cent, while overall manufacturing activities, which accounted for about 59 per cent in the total industry sector, contracted by 12.6 per cent, year-on-year, in 2022.



On the other hand, Total electricity generation registered a decline of 4.6 per cent in 2022, as a result of the disruptions to the coal and fuel imports needed for thermal power generation during the year. Accordingly, total power generation declined to 15,942 GWh in 2022, compared to 16,716 GWh in 2021. Total hydropower generation, fuel oil-based power generation and coal power generation decreased by 4.9 per cent to 5,364 GWh, 6.3 per cent to 2,467 GWh and 6.3 per cent to 5,174 GWh, respectively, during the year, compared to 2021.

Group Performance

In response to the persistent challenges experienced by Sri Lankan firms in recent years, the Group proactively undertook a comprehensive repositioning and optimization of its businesses. This strategic initiative was aimed at enhancing resilience and fortifying our operations. Notably, our dedicated employees demonstrated exceptional strategic vision and agile decision-making, ensuring seamless continuity in our pursuit of success

Despite the challenges we faced ACL group recorded a revenue of Rs. 30.1 billion which is a drop of 15% compared to the last year. However the group managed to achieve a significant growth in Gross profit. In the year under review, the group recorded Rs.10.9 billion gross profit which is 38% growth compared to the last year.

The group marked a historical milestone during the year under review, delivering the highest ever profit before tax of Rs.9.2 billion. This is a growth of 47% compared the previous year. Further, Profit after tax of Rs.7 billion is a remarkable achievement in the year mainly lead by our cable sector.

Challenges

The immediate future is looking tough and would be challenging times to most individuals as well as industries. In Sri Lanka, inflation rates have the potential to impact ACL Cables PLC's operations and profitability. High inflation can lead to increased costs of raw materials, utilities, and labour, thereby squeezing profit margins.

We as a group, having invested most of our businesses in the field of construction and manufacturing of building material would experience many hardships with the above situation.

Fluctuations in currency exchange rates can significantly impact ACL Cables PLC, as it relies on import of raw materials. A volatile exchange rate can lead to increased costs for imported raw materials and equipment, affecting the company's competitiveness.

Changes in consumer spending patterns can pose challenges for ACL Cables PLC. Economic downturns or shifts in consumer preferences can impact the demand for its products. The increase of interest rates would reduce money circulation and slow down economic activities that would also adversely affect us as a group. Previous investments made on real estate, projects and home constructions would tend to reduce. Thereby cautious planning and regular reviewing in plans is essential to keep in par with our current financial performance.

Yet, amidst all challenges we would always need to keep manufacturing the best in quality products and continue an uninterrupted supply in all of our business activities to remain our market position in all business segments we operate in.

New Developments

Though the economy is expected to experience stagnant economic activity during the months to come together

as a group we would continuously keep investing in our R & D activities to keep ourselves in par with new trends and business scopes to invest in.

We would definitely work towards strengthening our current capacities and work towards new technologies that can positively facilitate our supply chain activities to have an uninterrupted business process.

Further, with the growth in electricity generation and moves towards renewable power generation we would strengthen our renewable energy capabilities as well through our subsidiary Resus energy PLC.

Appreciations

The effort and devotion of the ACL Family throughout our organisation led to the exceptional performance detailed in this Report. The Board and I both want to express our gratitude to our indispensable staff for consistently increasing the bar of excellence and elevating ACL to be the top cable provider in Sri Lanka. I would like to take this opportunity to express my sincere gratitude to our retail, project, and international customers, business partners, and all other stakeholders for their support and presence throughout this 61-year journey.

I take this opportunity to extend my gratitude towards numerous public and private entities for creating a supportive business environment amidst challenging economic conditions.

I also thank all our shareholders and members of the Board for the

immense value they provide us through advice and sharing expertise to guide us onto the right direction.

Last but not least I appreciate all our employees who were with us from the start to now and for their untiring effort and commitment to lift ACL group towards high standards and keep us moving towards a better future.

U. G. Madanayake
Chairman

28 August 2023

MANAGING DIRECTOR'S REPORT



I am immensely happy to announce that we achieved the highest profit before tax of Rs 3.1 Billion, which is a significant achievement amidst tight economic and business conditions.



TURNOVER - COMPANY

15,725 Rs. Mn



NET PROFIT - COMPANY

2,408 Rs. Mn

It gives me great pleasure to provide you the annual report for the financial year 2022–2023 of ACL Cables PLC. For our business, which experienced numerous difficulties throughout the fiscal year, it has been a remarkable year. In spite of the challenges, ACL Cables managed to record Rs.15.7 billion top line and I am immensely happy to announce that we achieved the highest profit before tax of Rs 3.1 Billion, which is a significant achievement even amidst tight economic and business conditions. The company recorded a staggering 52% increase in profit after tax. The profit for the period recorded as Rs.2.4 billion against Rs. 1.6 billion the year before.

MANAGING DIRECTOR'S REPORT



Favourable factors

During the year under review the company managed to record higher profits in all operating segments despite the challenges which is positive sign of customers attraction towards the ACL brand. Trust and quality of our products has been paid off over past years in every difficult situation.

The implementation of IMF initiatives and a stable political environment may improve economic activity in

power. This will have significant impact on our turnover in the coming months.

Further we were recognised in the CA TAGS awards 2022 in the first time of participation under the category of Manufacturing Sector (Group Turnover above LKR 10 Bn). In addition to that Business Today TOP 40 2021-2022 recognises the top corporate performers who reported positive financial growth amidst the turbulent situation of the country.



the near future. Additionally, the downward trend in the AWPLR and inflation may increase construction activity and improve purchasing

Challenges as a business

The major challenge we experienced was the severe depreciation of the rupee against the US dollar at the

beginning of the financial year.

The purchase of raw materials was affected tremendously the which accounted to a considerable portion in the cost of sale. Similarly, rapid movements in the world Copper and Aluminum prices at London Metal Exchange (LME) was a challenging task to keep business running as usual. This lead to multiple price revisions during the year in review.

Future Outlook

In the coming years, ACL Cables PLC aims to expand its market presence and diversify its product portfolio to capitalise on emerging opportunities. The company plans to explore new geographical markets both within Sri Lanka and internationally, leveraging its strong brand reputation and established distribution network.

Technology will continue to play a crucial role in the cable industry's future, and ACL Cables PLC is committed to embracing technological advancements to enhance its competitiveness. The company will invest in research and development to leverage automation, digitalisation, and smart manufacturing technologies

As the importance of sustainability grows, ACL Cables PLC recognises the need to prioritize environmental responsibility and adopt sustainable practices. The company aims to minimise its carbon footprint by implementing energy-efficient measures, utilising eco-friendly materials, and optimising waste management systems

ACL Cables PLC understands the significance of strong customer relationships in sustaining long-term growth. The company will focus on enhancing customer satisfaction by providing superior products, exceptional customer service, and timely technical support

ACL Cables PLC's future outlook encompasses market expansion and diversification, embracing technological advancements, sustainable practices, and strengthening customer relationships. By pursuing these strategic initiatives, ACL Cables PLC aims to position itself as a leading player in the industry, driving sustainable growth and delivering value to its stakeholders in the years to come.

Appreciations

I would like to take this opportunity and thank all business personnel and well-wishers who supported us tremendously in all business activities. It immensely helped us to escalate towards our numbers and end the year on a high note.

I also thank Chairman and Board of Directors for extending their guidance and assistance in steering the company forward.

My sincere gratitude also goes towards all suppliers, shareholders and all the other stakeholders who were with us and helped us in each and every activity.

Finally, many thanks to all employees for their dedication and effort made towards the company to rise above expectations and achieve superior excellence.

Suren Madanayake
Managing Director

28 August 2023

BOARD OF DIRECTORS



Left to right : Mr. Hemaka Amarasuriya - Director, Mrs. N. C. Madanayake - Director, Mr. U. G. Madanayake - Chairman, Mr. Suren Madanayake - Managing Director, Mr. Ajit Jayaratne - Director, Dr Sivakumar Selliah - Director, Mr. Daya Wahalantaniri - Executive Director, Mr. Rajiv Casie Chitty - Director



BOARD OF DIRECTORS

Mr. U. G. Madanayake

Chairman

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

He joined the Board of Associated Motorways Ltd, and subsequently became the Deputy Chairman of the Company. He became a Director of ACL Cables PLC (then Associated Cables Ltd.) in January 1963, its Managing Director in July 1978 and Chairman cum Managing Director in May 1990. He relinquished his duties as Managing Director in September 2005 after appointing Mr. Suren Madanayake as Managing Director. With the acquisition of Kelani Cables PLC, by the ACL Group in October 1999, he was appointed as Chairman of Kelani Cables PLC.

Mr. U.G Madanayake is also the Chairman of Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd., ACL Plastics PLC and Lanka Olex Cables (Pvt.) Ltd. He is also a Director of ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt) Ltd., Ceylon Copper (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., and ACL Electric (Pvt.) Ltd. Cable Solution Pvt Ltd and Resus Energy PLC. He has over 50 years' experience in the cable industry.

Mr. Suren Madanayake

Managing Director

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

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

Mrs. N. C. Madanayake

Director

Non-Executive

Mrs. N.C. Madanayake was appointed to the Board of ACL Cables PLC in July 1980. She is also a Director of Kelani Cables PLC, ACL Plastics PLC, Ceylon Bulbs & Electricals Ltd., Lanka Olex Cables (Pvt) Ltd. and Ceylon Tapioca Ltd. Mrs. N.C Madanayake is a pioneering Director of Fab Foods (Pvt) Ltd.

Mr. Ajit Jayaratne

Director – Senior Independent Non-Executive

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

Mr. Hemaka Amarasuriya

Director - Independent

Non-Executive

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

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

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

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

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

Mr. Daya Wahalantantiri

Executive Director

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

Cables PLC, he was promoted as the Group Marketing Manager. He was appointed to the Board of Directors of ACL Cables PLC in November 2005. He also serves as the director of the Cable Solutions Pvt Ltd.

Mr. Rajiv Casie Chitty

Director - Independent
Non-Executive

Mr. Rajiv Casie Chitty is a fellow of the Association of Chartered Certified Accountants (ACCA), UK and Associate Member of the Chartered Institute of Management Accountants (CIMA), UK and a Chartered Financial Analyst, USA. He obtained his Masters in Economics from the University of Colombo and Masters in Computer Science from the University of Staffordshire. Mr. Casie Chitty was appointed as a Director of ACL Cables PLC in November 2005. He is Chief Operating Officer of Commercial Credit & Finance PLC and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC and Office Equipment PLC. He is former President of the ACCA Sri Lanka panel. He has over 30 years of experience in Senior Managerial positions in the private sector.

Dr Sivakumar Selliah

(MB Bs, M.Phil)

Director – Independent
Non-Executive

Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil). He has over two decades of diverse and

extensive experience in serving on the Boards related to varied fields including Manufacturing, Healthcare, Insurance, Logistics, Packaging, Renewable Power, Plantation, Retail etc. He serves on the Boards of many Public listed and Private companies. Has extensive experience on serving on Board sub committees as Chairman or Member which include Audit committee, Human Resource and Remuneration committee, Investment committee, Strategic Planning committee, Related Party Transaction committee, Nomination committee, Risk Management committee etc.

Dr. Selliah is currently the Chairman of JAT Holdings PLC. He is also the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He also serves on the following listed companies as a Director: Commercial Bank of Ceylon PLC, Lanka Tiles PLC, Lanka Walltiles PLC, ACL Cables PLC and Swisstek (Ceylon) PLC. He has also served on many other Listed company Boards in the past.

Dr. Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the Faculty. He has also served as a Member of the University Council at the University of Colombo in the past.

BOARD COMPOSITION

3	Executive Directors	
5	Independent/ Non-Executive Directors	

COMMITTEES

Audit Committee	
Remuneration Committee	
Related Party Transaction Review Committee	

MANAGEMENT TEAM



Roy Joseph
Chief Operating Officer



Mahesh Amarasiri
Group Chief Financial Officer



Rohitha Amarasekara
General Manager Operation



Lakshman Bandaranayake
General Manager Marketing



Palitha Ethulgama
Deputy General Manager Project Sales



Senila Rupasingha
Deputy General Manager - Supply Chain



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



Sampath Wijesundara
Chief Information Officer



Chathuranga Sampath
Group Head of Risk & Control



R Nandakumara
Engineering Manager (Mechanical)



A G U K Abeynayake
Engineering Manager (Electrical)



Indunil Perera
Security Manager



Deepthi Bandara
Head of Sales



Sujeewa Sampath
Manager Finance & Operations



A D A Chinthaka
Factory Manager Copper Cable Plant



Ishan Dabare
Head of Sales Institution Market



Saman Liyanage
Manager Operation



Sarath Lokuhitige
Sales Manager Power and Energy Sector



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



Sarath Padmadewa
Assistant Manager Human Resource



Ashoka Padmakumara
Sales Manager



Supun Sisihara
Manager Logistic



Amali Fonseka
Manager Credit Control



Darshana Senanayake
Finance Manager



R S Nadeeshani
Quality Assurance Manager



Hiran Wijerathna
Business Development Manager

PRODUCT PORTFOLIO

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

CABLES

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



House Wiring Cables



Earth Cables



Telecommunication Cables



Fire Resistance Circuit Integrity Power Cables



33KV Covered Conductors



Flexible Cables



Auto Cables



Low Voltage – Aerial Bundled Cables



Fire Retardant Power Cables



ACSR & AAAC Conductors



All Aluminium Conductors



Customised Cu Power Cables



Multi - Core Al Power Cables with Cu Wire Screen



Unarmoured Control Cables



Three Phase Cu Concentric Cable

PRODUCT PORTFOLIO



Single Core Unarmoured
Cu Power Cables



Multi - Core Unarmoured Al Power
Cables



Multi - Core Armoured Cu Power
Cables



Single Core Armoured Cu Power
Cable



Unsheathed Cu Power Cables



Armored Control Cables



Single Phase Al Concentric Cable



ACL SAX AMO 33kV Covered
Conductor



Multi-Core Unarmoured Cu Power
Cables

ELECTRIC

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



PRODUCT PORTFOLIO



One Gang One Way Switch



One Gang Two Way Switch



Two Gang One Way Switch



Three Gang One Way Switch



Four Gang One Way Switch



20A Double Pole Switch



One Gang Bell Press Switch



Data Socket Outlet



Fan Speed Controller



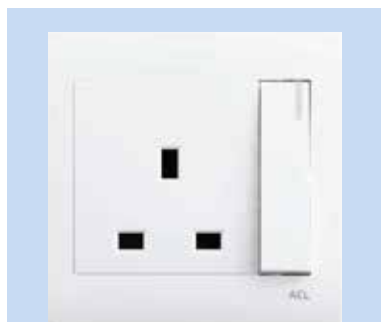
Light Dimmer



Blank Plate



TV Socket Outlet



13A Switched Socket Outlet



13A Switched Socket Outlet with Neon



Telephone Socket Outlet

NEW ELEGANCE RANGE



Motion Sensor



13A Switch Socket Outlet with 2.2A USB charger



Key Card Switch

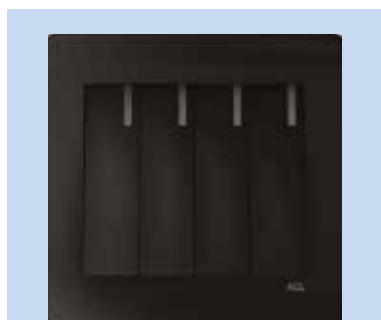


Double Pole Cooker Switch



Shaver Socket

ACL ELEGANCE COLOUR RANGE



HD Black



HD Bronze



HD Gray

PRODUCT PORTFOLIO



One Gang One Way Switch



Two Gang One Way Switch



Three Gang One Way Switch



Four Gang One Way Switch



Five Gang One Way Switch



13A Switched Socket



13A Switched Socket with Neon



Blank Plate



Bell Press (20A, AC 250V)



Telephone Socket (4Wire, RJ11)



TV Outlet (750hm, co-axial)



Light Dimmer (500W)



Double Pole (20A, AC 250V)



Data Socket



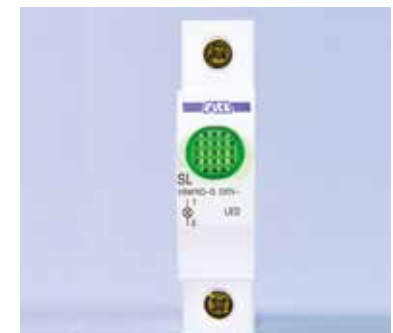
Ceiling Rose



Lamp Holder



13A Plug Top



Led Indicating Light Green MCB Single Pole



Led Indicating Light Red MCB Single Pole



Led Indicating Light Blue MCB Single Pole



Circuit Breaker (MCB) Single Pole



Led Indicating Light Yellow MCB Single Pole



Main Switch (Isolator) Double Pole



Trip Switch (RCD) Double Pole

PRODUCT PORTFOLIO



Mercury Isolator



Mercury MCB



Mercury RCD



USB Charger 5V 2.5A



5 Step Fan Controller



Bell For MCB



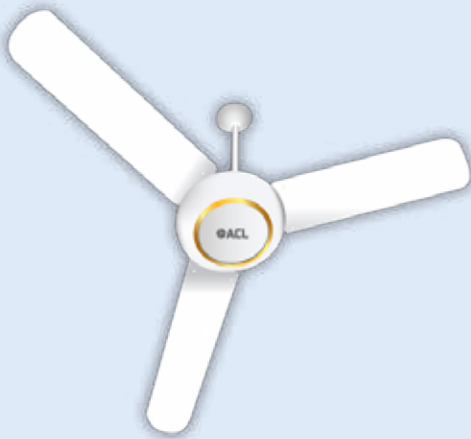
13A Twin Socket



Fan Speed Controller

CEILING FAN

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



Aluminium Blade Fan



Metal Blade Fan

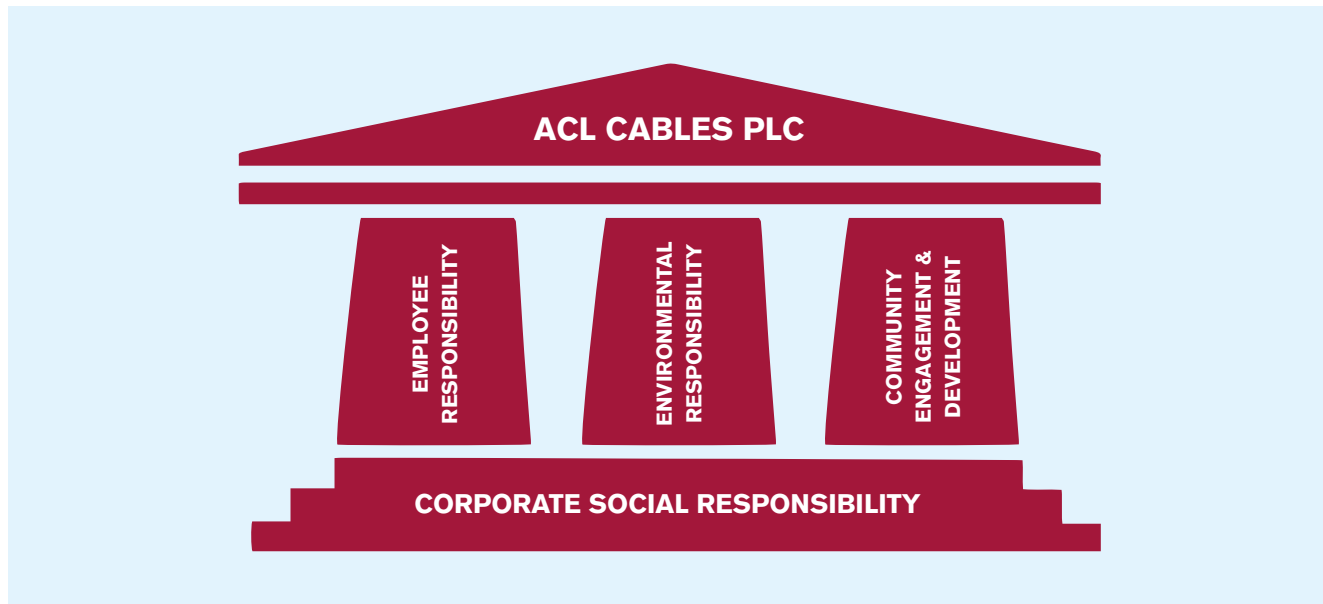


Aluminium Blade Fan

CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

ACL Cables PLC has managed to take measures in creating an adequate platform for corporate social responsibility within its company. This has been put into practice by integrating people, social and environmental concerns attached to the business. CSR initiative is put into practice under three main categories.

The three pillar CSR model at ACL is as follows:



Environmental Responsibility

The Group is determined to reduce its operations' environmental footprint, and our approach is consistent with that of the parent entity, which provides clear guidelines on tracking, monitoring, and optimising the use of natural resources to ensure a positive contribution to our environment and ecosystems in a holistic and consistent manner. National

environmental certifications further guide our environmental strategy. (ISO 14001 :2015)

The most significant activity in environmental responsibility is the disposal of scrap stocks at our factories. The plastic scrap, which is not used for manufacturing of cables, is handed over for proper recycling under national standards. The same principle is applied to

every industrial by-product and we make sure that we do not contaminate our environment with our industrial produce.

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





Community engagement and development

A Safe and Healthy Work Environment:

Considering the work tasks our employees undergo especially at our factories we insure over 500 employees through a comprehensive corporate medical insurance scheme for all of them.



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



CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

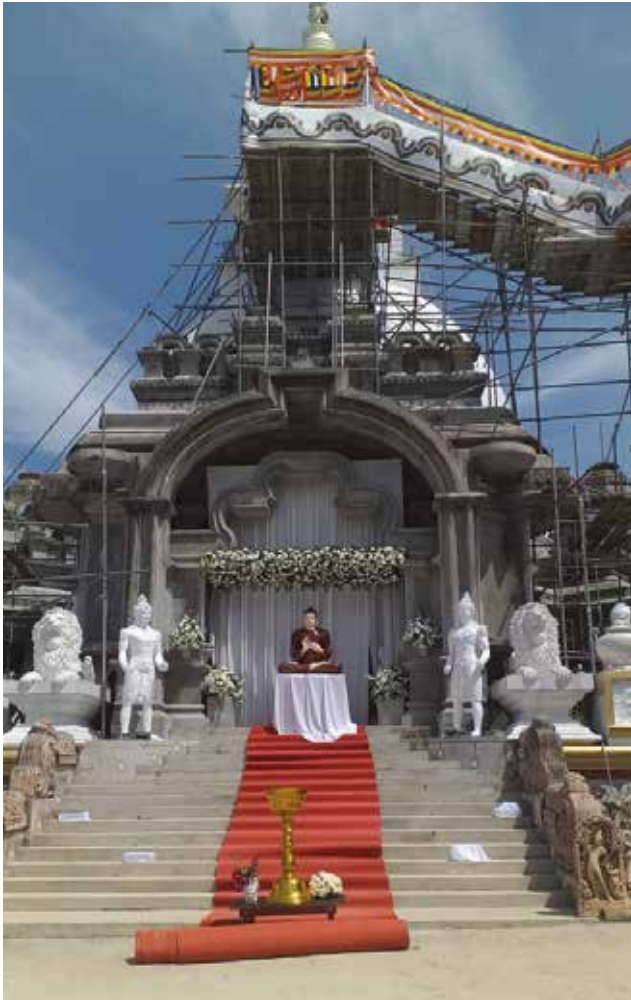
The Electricians loyalty club at ACL facilitates the requirement of sharing up to date knowledge of the company as well as the industry. A series of educational seminars for electricians and vocational training students at their respective centers were conducted

for the purpose in improving their knowledge.

Furthermore the loyalty club provides a personal accident insurance cover for all registered electricians. Considering the level of risk involved in their jobs this

insurance is provided to protect and as a scheme to secure their lives. This provides a life insurance cover of Rs. 1.2 million along with many more benefits for the goodwill of electricians.





The annual charity programme was conducted for medical monastery, named “Sheela Suva Arana” situated in Horana, established to treat monks. An alms giving was organised by the contribution of employees for the monks in the monastery.

AWARDS & CERTIFICATIONS



1. CA TAGS AWARDS 2022

Compliance Awards Under Manufacturing Sector (Group Turnover Above 10 Bn)

2. Business Today Top 40

3. Long Horn 100 Awards 2023

4. Crystal Award 2009

Award for the Winner of the Gold Awards over three Consecutive Years by the Ceylon National Chamber of Industries.

5. Asia Pacific Quality Award 2008

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

6. National Productivity Awards

1st place in 2007 organised by the National Productivity Secretariat

7. National Quality Award Winner 2007



8. Global Commerce Excellence Awards 2014

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

10. Master Brand Status 2017

11. B2B Brand of the year at SLIM brand excellence 2018- Silver

12. Silver Award in the Large Scale of the Manufacturing sector – SD Excellence Award

13. Bronze Award in manufacturing large Metal industry category at National Cleaner Production award 2019.

Certification	Description
ISO 9001 : 2015	Quality Management System
ISO 14001: 2015	Environment Management System
SLS 733	"ACL" Brand PVC Insulated and PVC Sheathed Cables
SLS 1504 -2-11	"ACL" Brand Flexible Cables with Thermoplastic PVC Insulation
SLS 1504 -2-31	"ACL" Brand Single Core Non-sheathed Cables with Thermoplastic PVC Insulation
SLS 1186	"ACL" Brand Armoured Electric Cables having Thermosetting XLPE insulation
SLS 750-1	"ACL" Brand All Aluminium Stranded Conductors

GROUP STRUCTURE

Description / Company	ACL Cables PLC	Kelani Cables PLC	ACL Plastics PLC	Ceylon Bulbs & Electricals Ltd	Lanka Olex Cables (Pvt) Ltd	
Registration Number	PQ 102	PQ 117	PQ 87	PB 1283	PV 20493	
Date of Incorporation	10.03.1962	18.12.1972	17.07.1991	16.10.1957	22.02.1993	
Corporate Status	Public Limited Company	Public Limited Company	Public Limited Company	Limited Company	Private Limited Company	
ACL Cables PLC's Effective Shareholding in the Company	Parent Company	79.30%	65.20%	95.30%	100%	
Directors	U. G. Madanayake - Chairman	U. G. Madanayake - Chairman	U.G.Madanayake - Chairman	U.G.Madanayake - Director	U.G.Madanayake - Chairman	
	Suren Madanayake - Managing Director	Suren Madanayake - Deputy Chairman	Suren Madanayake - Managing Director	Suren Madanayake - Director	Suren Madanayake - Managing Director	
	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	Mrs. N. C. Madanayake - Director	
	Ajit Jayaratne - Director	Dr. Bandula Perera - Director	Mohan Rathnayake - Director			
	Hemaka Amarasuriya - Director	Mr. Deepal Sooriyaarachchi - Director	Dr. Kamal Weerapperuma - Director			
	Daya Wahalantantiri - Director	Mr. M. Saranapala - Managing Director				
	Rajiv Casie Chitty - Director					
	Dr. Sivakumar Selliah - Director					
Principal Activity	Manufacturing and Selling of Power Cables & Conductors, Armored Cables, Aerial Bundled Cables, Control Cables, Telephone Cables & Auto Cables	Manufacturing and selling of Power Cables, Telecommunication Cables & Enameled Winding Wires	Manufacturing Cable grade PVC Compound	Dormant	Investing Company	
Auditors	PricewaterhouseCoopers, Chartered Accountants	KPMG Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	A. I. Macan Marker & Co. Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	
Secretaries	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	
Total Number of Employees as at 31st March 2023	581	496	52	None	None	

	ACL Kelani Magnet Wire (Pvt) Ltd	ACL Polymers (Pvt) Ltd	ACL Metals & Alloys (Pvt) Ltd	Ceylon Copper (Pvt) Ltd	ACL Electric (Pvt) Ltd	Cable Solutions (Pvt) Ltd	RESUS Energy PLC
	PV 11996	PV 3371	PV 3811	PV 79466	PV 89241	PV 63036	PV 415 PB PQ
	29.06.2000	06.09.2005	05.09.2005	17.06.2011	08.11.2012	25.02.2008	11.06.2003
	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Public Limited Company
	93.79%	65.20%	100%	100%	100%	51%	32.53%
	U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	U. G. Madanayake - Director	Suren Madanayake - Chairman
	Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Suren Madanayake - Director	Krishantha Nanayakkara - Managing Director
	Mrs. Maya Weerapura - Director					Daya Wahalantantiri - Director	Ms D C Abeywardena - Director
						Chehan Prsanna Richard Perera-Director	U. G. Madanayake - Director
						Rune Nils Allan Flinth - Chairman	Professor M K Ranasinghe - Director
						Pawan Nand Tejjwani - Director	U P Egalahewa PC - Director
						Mahesh Amarasiri - Alternative Director	Mahesh Amarasiri - Alternative Director
	Dormant	Dormant	Manufacturing and Selling Aluminium rods, Alloys of Aluminium and Other Metals	Manufacturing of copper rods, bus bars, strips, profiles, catenary wires and tubes for local and export market	Manufacturing of electrical accessories	Manufacturing of electrical cables and accessories	Power and Energy Generation
	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	BDO Partners	Ernst & Young, Chartered Accountants
	Corporate Affairs (Pvt) Ltd	Management Applications (Pvt) Ltd	Management Applications (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Anton Fernando Associates	Nexia Corporate Consultants (Pvt) Ltd
	None	None	36	21	77	293	85

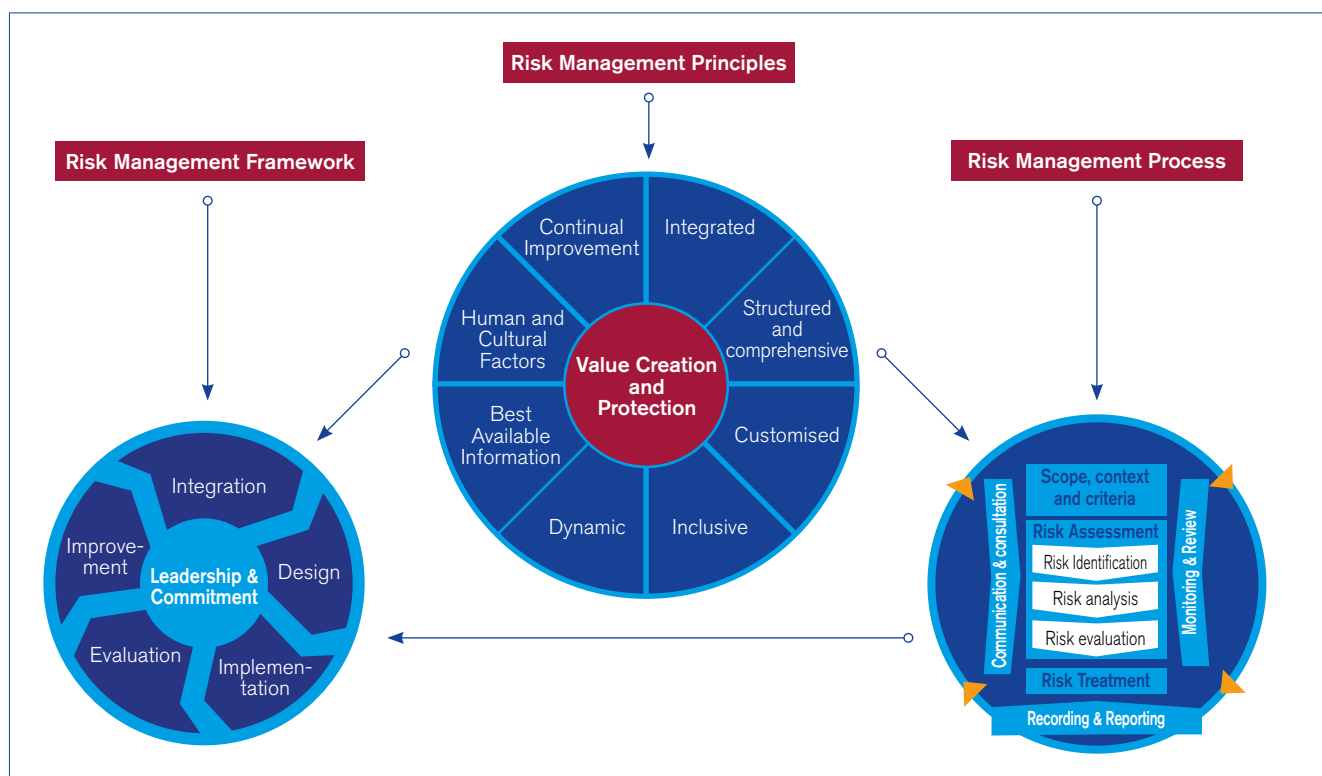
RISK MANAGEMENT

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

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

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

Principles, Framework, and Risk Management Process from ISO 31000

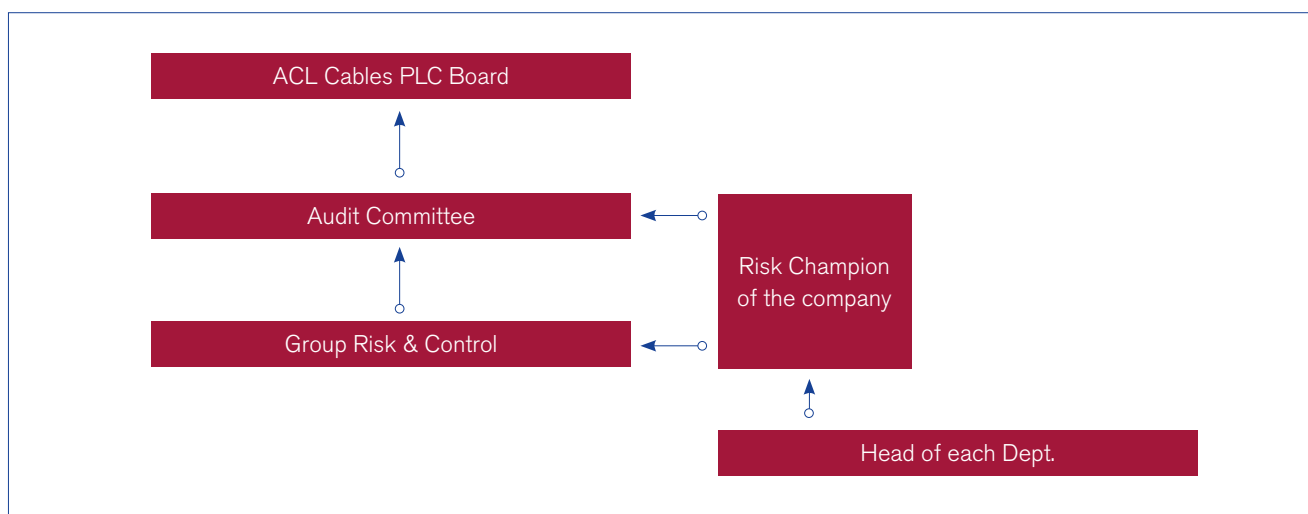


The ISO 31000 guidelines provide a statement of risk management principles. The eight principles are described below:

1. Customised framework and processes
2. Appropriate and timely involvement of stakeholders
3. Structured and comprehensive approach
4. Risk management is an integral part of all organisational activities
5. Risk management anticipates, detects, acknowledges and responds to changes
6. Risk management explicitly considers any limitations of available information.
7. Human and cultural factors influence all aspects of risk management.
8. Risk management is continually improved through learning and experience.

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

Risk Management Reporting structure of the ACL Cables PLC



Risk Evaluation and Mapping

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

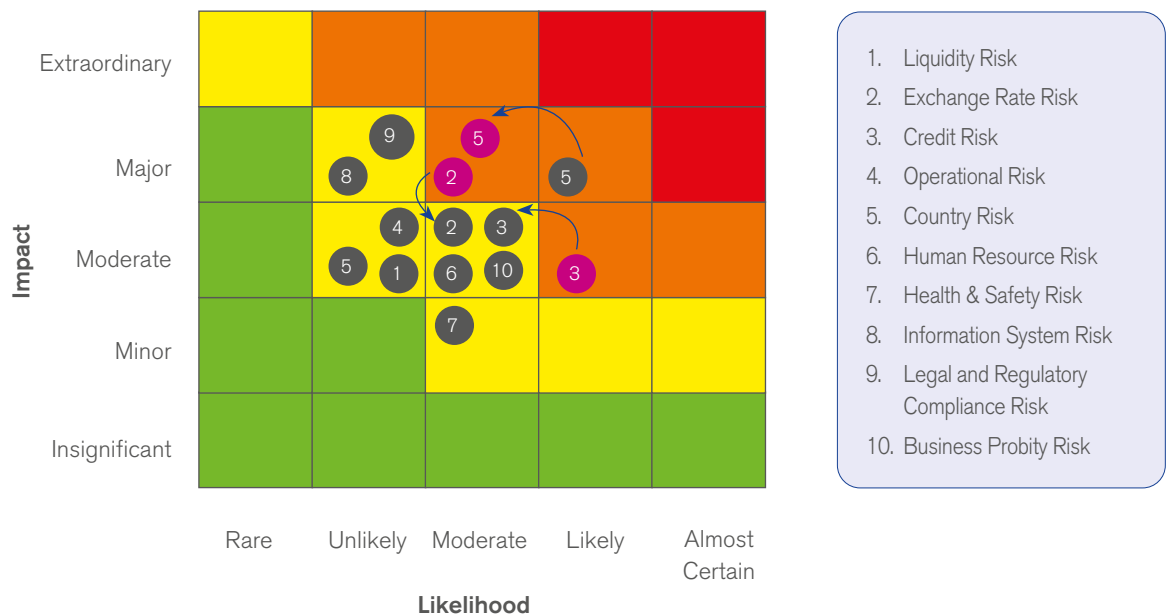
The Risk Matrix

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

RISK MANAGEMENT

Future outlook

ACL Cables PLC is effectively managing its risk and identifying emerging risks that could pose an impact on business operations. The Risk Heat Map below shows the key risk drivers that could affect the Company in FY 2023/24 (over a one-year horizon) along the dimensions of probability and impact. The risk drivers are not to be seen in isolation as they may trigger or reinforce each other.



SNAPSHOT OF KEY RISKS AND MITIGATION STRATEGIES

Risk Exposure	Description	Risk Rating	Risk Mitigation actions
1. Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period, early payment for creditors, and other factors which may create a negative impact on the working capital cycle of the business	Moderate	▪ Significant reductions have been made in the credit period for customers who were approved for credit sales ▪ Conduct regular follow-ups on trade receivable and continuous reviews on the working capital management position of the business ▪ Obtain short-term funding facilities to adequately manage liquidity position through financial institutions ▪ Expedite collection procedures of existing outstanding balances through dedicated recovery officers ▪ Improving inventory turnover while enhancing sales volumes of the business
2. Exchange Rate Risk	Potential unrealised losses/gains as a result of adverse movement in the exchange rates	Moderate	▪ Matching of receipts of foreign exchange versus payments ▪ Use of trade instruments to hedge against the dollar assets
3. Credit Risk	Potential losses arising due to customer defaults	Moderate	▪ Ensure compliance with credit policy guidelines of the business ▪ Manage the credit risk through the Credit Committee activities ▪ Encourage cash sales through special discounts ▪ Proceed credit sales only up to the bank guarantee provided by the distributors ▪ Significant reduction in credit period for customers who are entitled to credit sales ▪ Manage credit exposure through continuous credit reviews
4. Operational Risk	Potential losses due to inadequate internal controls, failures of internal processes, people and systems as a result of natural and human activities	Moderate	▪ Conduct Enterprise Risk Management and Internal Audit procedures across the company ▪ Conduct continuous control reviews on high-risk areas to assess the strength of the existing control system ▪ Continuous monitoring of regulatory compliance and other internal requirements through compliance dashboards ▪ Conduct system control reviews as per the annual internal audit plan ▪ Establish BCP (Business Continuity Planning) to ensure the smooth continuation of business operations while eliminating operational constraints due to prevailing economic crises. ▪ Maintain ISO standards in all operational activities
5. Country Risk	Negative impact arising due to adverse economic factors such as Political, Economic, Social, Technological, Environmental, and Legal	Significant	▪ Comprehensive analysis of PESTEL factors on a regular basis to grab market opportunities and minimise the impact of threats due to adverse conditions. ▪ Conduct constant reviews of macroeconomic factors to assess the impact on business performance ▪ Continuous assessments of impacts due to changes in the tax structure of the country

RISK MANAGEMENT

Risk Exposure	Description	Risk Rating	Risk Mitigation actions
6. Human Resources Risk	The negative impact on the business due to the loss of Key Executives and the inability to attract, develop and retain a skilled workforce.	Moderate	▪ Maintain an employee evaluation scheme to reward talented employees. ▪ Maintain healthy and cordial relationships with employees at all levels through Joint Consultative Committees (JCC) ▪ Provide various employee benefits through the Welfare Society. ▪ Provide specific and general employee training wherever necessary.
7. Health and Safety Risk	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a hazard	Moderate	▪ Conduct health and safety assessments to evaluate the adequacy of existing safety measures maintained by the company ▪ Ensure the effectiveness of health and safety measures through ISO and other certifications ▪ Ensure compliance with Health guidelines issued by the Government
8. Information Systems	Delays in decision-making due to inaccurate or non-availability of timely information from key computer systems	Moderate	▪ Enhance system performance through continuous version upgrading ▪ Maintain data backups to minimise data losses in case of an emergency ▪ Enhance system security levels on a regular basis to minimise cyber security risk ▪ Maintain vendor agreements for support services and system maintenance ▪ Maintain effective and sound IT general control (ITGC) system across the company ▪ Revise IT policies and procedures with the aim of creating value for the business
9. Legal and Regulatory Compliance Risk	The potential negative impact on the business due to non-compliances with external regulatory requirements and internal policies & procedures	Moderate	▪ Maintain compliance and legal Dash Board to ensure timely compliance over regulatory requirements ▪ Conduct compliance assessment on a quarterly basis

Risk Exposure	Description	Risk Rating	Risk Mitigation actions
10. Business Probity risk	Business probity risk is related to the governance and ethics of the organisation. It can arise from unethical behaviour by one or more participants in a particular process.	Moderate	▪ Implement whistle-blowing policy across the group and conduct investigations in an effective manner. ▪ Strengthen existing internal control systems based on the recommendations given by the internal and statutory auditors. ▪ Conduct frequent audits on high-risk areas such as cash, inventory, Procurement, Sales, Collections etc. ▪ Monitor activities through CCTV. ▪ Maintain segregation of duties ▪ Minimise human involvement through automation and digitalisation ▪ Conduct IT audits to identify system loopholes ▪ Conduct Internal Audits under the supervision of the Audit Committee.

CORPORATE GOVERNANCE

ACL Cables PLC is committed to best practices in the area of Corporate Governance. Corporate Governance is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders. Good governance facilitates effective management and control of the business while maintaining a high level of business ethics and optimising the value for all stakeholders.

Sound Corporate Governance is reliant on external marketplace commitment and legislation plus a healthy Board culture which safeguards policies and processes. Further, an important element of Corporate Governance is to ensure the accountability of certain individuals in an organisation through mechanisms that try to reduce or eliminate the dilemma of principal-agent.

The Corporate Governance Report, together with the Audit Committee Report and the Directors' Remuneration Report, provides a description of the manner and extent to which ACL Cables PLC complies with the Code of Best Practice in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

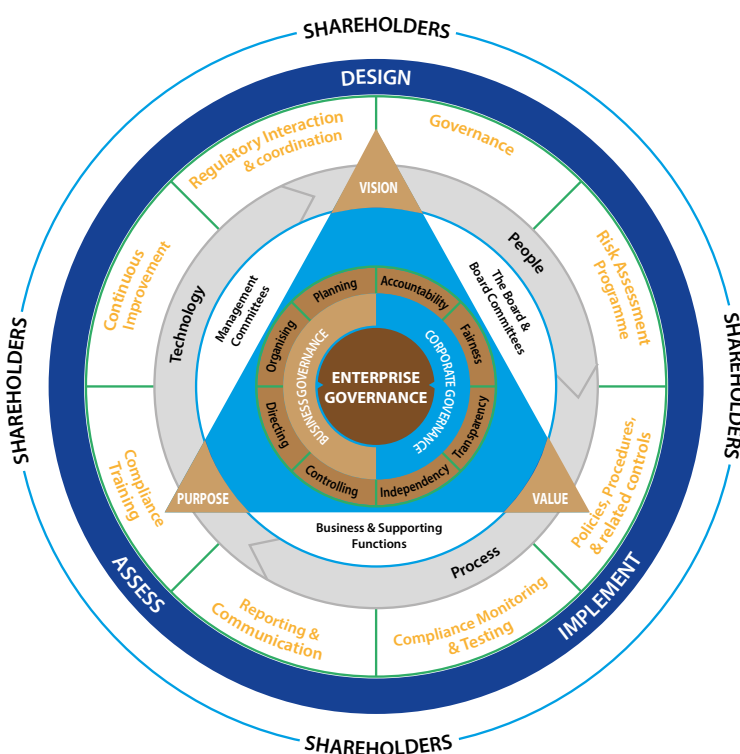
Compliance Summary

Regulatory Benchmarks

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

ACL Enterprise Governance Framework

Enterprise governance is "the set of responsibilities and practices exercised by the Board and Executive Management with the goal of providing strategic direction, ensuring that objectives are achieved, ascertaining those risks are managed appropriately and verifying that the organisation's resources are used responsibly".



The Chairman's Role

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

The Chairman leads the Board, developing the Board agenda and preparing in detail for meetings to maximise the efficiency of Board output. His aim is that Board meetings should allow full and free discussion, taking account of the interest of the company's various stakeholders whilst promoting high standard corporate governance

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

The main responsibilities of the Chairman are;

- Facilitate the effective contribution of Non-Executive Directors and the engagement between Executive and Non-Executive Directors.
- Ensure the regular flow of accurate and relevant management information to enable the Board to make sound decisions and monitor business performance.
- Ensure that an annual evaluation of the Board is conducted.
- Ensure that the committee chairman conducts evaluations of their committees.
- Ensure effective communication with shareholders so that the Board develops a clear understanding of their views.

- Ensure the effective functioning of all Board sub-committees.

The Board of Directors

The Board is collectively responsible for the success of the Company. Its role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance. It also sets the Company's values and standards and ensures that its obligations to its shareholders and others are understood and met. Specific responsibilities reserved for the Board include:

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

The Board comprises Eight Directors of whom five are Non-Executive Directors. The names and profiles of the Directors are given on pages 32 to 33 of this report. The Board recognises the need for a clear division of responsibilities in running the Company business. Accordingly, the positions of Chairman and Managing Director have been separated.

The Board Balance

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

The periods of service of Mr. Ajit Jayaratne, Mr. Hemaka Amarasuriya and Mr. Rajiv Casie Chitty as Board Members exceeded nine years. The Board is of the view that the periods of service of the aforesaid Independent Directors do not compromise their independence and objectivity in discharging their functions as Directors and, therefore, has determined that Mr. Ajit Jayaratne, Mr. Hemaka Amarasuriya and Mr. Rajiv Casie Chitty are 'Independent' as per the Listing Rules.

Board Diversity

ACL acknowledges the need for diversity in Boards and is conscious of the need to attract appropriately skilled Directors who reflect the values and requirements of its businesses and vision. Whilst the company is of the view that diversity ranging across demographic attributes, backgrounds, experiences and social networks improves a Board's understanding of its vast pool of stakeholders, providing diverse connections with the external environment and aiding the company in addressing stakeholders' claims in a more responsive manner, ACL is also conscious of the need to maintain a strong culture of meritocracy, ensuring that Board diversity does not come at

CORPORATE GOVERNANCE

the expense of Board effectiveness. In this regard, every effort will be made to attract suitably qualified personnel from diverse demographics and backgrounds.

Board Independence

There is increased emphasis on board independence by stakeholders, stock exchanges and regulatory bodies worldwide. In order for a Board to be effective, ACL is of the view that

companies must take steps, both in their structures and nominating procedures, to ensure fostering of independent decision-making and mitigating potential conflicts of interest which may arise.

The criteria for defining the independence of boards vary significantly across countries. ACL is of the view that the intended vision of achieving improved governance

and higher independence can be achieved through various checks and balances, whilst not compromising on the underlying operating model of a corporate. These checks and balances may entail, among others, the establishment of various assurance mechanisms and the use of systematic and comprehensive board evaluation processes and independent director lead engagement.

Criteria for identify the Independence of the Independent Non-Executive Directors

Criteria for defining independence	Status of conformity of INEDs
Shareholding carrying not less than 10 percent of voting rights	None of the individual INEDs' shareholdings exceed 10 percent.
Income/non-cash benefits equivalent to 20 percent of the Director's annual income	INEDs income/cash benefits are less than 20 percent of an individual Director's annual income.
Employment at ACL and/or material business relationship with ACL	None of the INEDs are employed or have been employed at ACL.
Close family member is a Director, CEO, or a Key Management Personnel	No family member of the INEDs is a director or CEO of a related party company.
Served on the Board continuously for a period exceeding nine years from the date of the first appointment	None of the INEDs are exceeding nine years except for directors aforesaid under the board balance note.
Director of another company	None of the INEDs are Directors of another related party company
Is employed, has a material business relationship and/ or significant shareholding in other companies. Entails other companies that have a significant shareholding in ACL Cables and/or ACL Cables has a business connection with	None of the NED/IDs are employed and have a material business relationship or a significant shareholding of another related party company as defined.

Finance Acumen

The Board consists of members specialised in a multitude of disciplines and experience in Corporate Finance,

Accounting, Taxation, Treasury Management and Risk Management. Hence, they are able to provide constructive debate, scrutinise

performance and help develop Board strategy with a global perspective and outlook.

Directors' Attendance Record

The attendance of Directors at relevant meetings of the Board and of the Audit, Remuneration and RPTR Committees held during 2022/2023 was as follows.

Name of Director	Board (11 Meetings)	Audit Committee (4 meetings)	Remuneration Committee (3 meetings)	Related party Transactions Review Committee (4 meetings)
Executive Directors				
Mr. U. G. Madanayake – Chairman	10			
Mr. Suren Madanayake – Managing Director	11			
Mr. Daya Wahalantantiri – Executive Director	10			
Senior Independent Non-Executive Director				
Mr. Ajit Jayaratne	09	04	03	04
Non-Executive Directors				
Mrs. N. C. Madanayake	07			
Independent Non-Executive Directors				
Mr. Rajiv Casie Chitty	11	04	03	04
Mr. Hemaka Amarasuriya	10			
Dr. Sivakumar Selliah	11			

Dedication of Adequate Time and Effort

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

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

Training for the Directors

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

Re-Election of Directors

All Directors are required to submit themselves for re-election at regular intervals and at least every three

years. According to the Articles of Association, Mr. Daya Wahalantantiri and Dr. Sivakumar Selliah retire by rotation and are required to stand for re-election by shareholders at the Annual General Meeting.

Accountability and Statutory Audit

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

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

The Report of the Directors is provided on pages 71 to 73 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 74 and 79 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report

of Directors on page 71 of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place that optimise the company's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit Committee responsibility for identifying, evaluating and monitoring the risks faced by the company and for deciding how these are to be managed, as a next step in improving the existing internal control system, Board granted its approval to establish in house Risk and control department to conduct control reviews, internal audits and risk management activities across the company in an effective manner. Members of the Audit Committee are expected to report to the Board as necessary the occurrence of any material control

CORPORATE GOVERNANCE

issues, serious accidents or events that have had a major commercial impact, or any significant new risks which have been identified.

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

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

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

Board Sub-Committees

The Board has delegated some of its functions to Board Sub-Committees, whilst retaining final decision rights. Members of these Sub-Committees focus on their designated areas of

responsibility and impart knowledge and oversight in areas where they have greater expertise. The three Board Sub-Committees are as follows:

- i. Audit Committee
- ii. Related Party Transaction Review Committee
- iii. Remuneration Committee

Audit Committee

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

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

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

Further details of the Audit Committee are given in their report on page 75.

Related Party Transactions Review Committee

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

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

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

Further details of the Related Party Transactions Review Committee are given in their report on pages 77 & 78.

Remuneration Committee

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

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

Further details of the Remuneration Committee are given in their report on page 76.

Code of Business Conduct and Ethics

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

The table below indicates the manner and extent to which ACL Cables PLC complies with the Code of Best Practice in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Corporate Governance Check List

CSE Rule No.	Subject	Applicable requirement Status	Compliance Status	Applicable section in the Annual Report
7.10	Compliance	Compliance with Corporate Governance	Yes	Corporate Governance
7.10.1(a)	Non-Executive Directors (NED)	2 or 1/3 of the total number of Directors whichever is higher.	Yes	Corporate Governance
7.10.2 (a)	Independent Directors (IDS)	2 or 1/3 of NEDs, whichever is higher, should be independent.	Yes	Corporate Governance
7.10.2 (b)	Independent Declaration	Each NED should submit a declaration of independence.	Yes	Corporate Governance
7.10.3 (a)	Disclosures Relating to Directors	- The Board shall annually determine the independence or non-independence of each NED. - Names of IDs should be disclosed in the Annual Report (AR).	Yes	Corporate Governance
7.10.3 (b)	Disclosures Relating to Directors - Independence	The Board has determined that four (04) Non-Executive Directors satisfy the criteria for "Independence" set in the Listing Rules	Yes	Board of Directors
7.10.3 (c)	Disclosures Relating to Directors	A brief résumé of each Director should be included in the AR including the Director's areas of expertise.	Yes	Board of Directors
7.10.3 (d)	Disclosures Relating to Directors	Provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3 (a), (b) and (c) to the CSE.	Yes	Not Applicable
7.10.4 (a-h)	Criteria for Defining "Independence"	Criteria for Identifying the Independent of INED in the Annual Report	Yes	Corporate Governance
7.10.5	Remuneration Committee (RC)	A listed company shall have a Remuneration Committee (RC).	Yes	Remuneration Committee Report
7.10.5 (a)	Composition of Remuneration Committee (RC)	- RC shall comprise of a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher. - A NED shall be appointed as the Chairman of the Committee.	Yes	Remuneration Committee Report
7.10.5 (b)	Functions of Remuneration Committee (RC)	The RC shall recommend the remuneration of Executive Directors and CEO.	Yes	Remuneration Committee Report

CORPORATE GOVERNANCE

CSE Rule No.	Subject	Applicable requirement Status	Compliance Status	Applicable section in the Annual Report
7.10.5 (c)	Disclosure in the Annual Report Relating to Remuneration Committee (RC)	- Names of Directors comprising the RC. - Statement of Remuneration Policy - Aggregated remuneration paid to EDs and NEDs.	Yes	Corporate Governance and Remuneration Committee Report
7.10.6	Audit Committee (AC)	The Company shall have an AC.	Yes	Audit Committee Report
7.10.6 (a)	Composition of Audit Committee (AC)	- AC shall comprise a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher. - A NED shall be appointed as the Chairman of the Committee. - MD and Chief Financial Officer shall attend AC meetings. - The Chairman of the AC or one member should be a member of a recognised professional accounting body.	Yes	Corporate Governance and the Audit Committee Report
7.10.6 (b)	Functions of Audit Committee (AC)	Overseeing of the – - Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. - Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. - Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. - Assessment of the independence and performance of the external auditors. - Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor.	Yes	Corporate Governance and the Audit Committee Report
7.10.6 (c)	Disclosure in Annual Report Relating to Audit Committee (AC)	- Names of Directors comprising the AC. - The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination. - The AR shall contain a Report of the AC setting out the manner of compliance with their functions.	Yes	Audit Committee Report

CSE Rule No.	Subject	Applicable requirement Status	Compliance Status	Applicable section in the Annual Report
9	Related Party Transactions Review Committee (RPTRC)	The Company shall have a RPTRC.	Yes	Corporate Governance
9.2.1	Functions of Related Party Transactions Review Committee (RPTRC)	Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee" (the Committee) as required in terms of the provisions set out in Appendix 9A of these Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.	Yes	Corporate Governance and the Related Party Transactions Review Committee Report
9.2.2	Composition of Related Party Transactions Review Committee (RPTRC)	The Committee should comprise a combination of Non-Executive Directors and Independent Non-Executive Directors. The composition of the Committee may also include Executive Directors, at the option of the Listed Entity. One Independent Non-Executive Director shall be appointed as Chairman of the Committee.	Yes	Corporate Governance and the Related Party Transactions Review Committee Report

CORPORATE GOVERNANCE

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

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

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FINANCIAL CALENDAR 2022/23

01st Quarter Interim Financial Statements (30th June 2022)	- 15th August 2022 - (Unaudited)
02nd Quarter Interim Financial Statements (30th September 2022)	- 15th November 2022 - (Unaudited)
03rd Quarter Interim Financial Statements (31st December 2022)	- 14th February 2023 - (Unaudited)
04th Quarter Interim Financial Statements (31st March 2023)	- 31st May 2023 - (Unaudited)
Annual Report 2022/23	- 28th August 2023
61st Annual General Meeting	- 21st September 2023
First Interim Dividends Paid (Rs. 1 per Share)	- 23rd September 2022

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 61st Annual Report together with the Audited Statements of Financial Position, Income Statements and Consolidated Financial Statements of the Group for the year ended 31 March 2023

Review of the Year

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

Principal Activities of the Group

Description of the nature of the operations and principal activities of the Company and its subsidiaries are given on pages 52 to 53.

Future Developments

An overview of the future developments of the Company is given in Managing Director's Review on page 26.

Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on page 79 in this Report.

Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 84 to 154 in this Annual Report.

Turnover

The total gross Group turnover generated was Rs. 30,147 million

(2021/22 - Rs. 35,329 million), while the turnover of the Company was Rs. 15,725 million (2021/22 - Rs. 19,532 million). A segment wise analysis is given in Note 37 appearing on page 148.

Total Reserves

The Reserves of the Group as at 31st March 2023 amount to Rs. 27,458 million (2021/22 - Rs.20,141 million). The composition of the reserves is shown in the Statement of Changes in Equity in the Financial Statements.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 74.

Directors

Directors of the Company are listed on pages 30 to 33 and their respective shareholdings are given below.

	Number of Shares as at 31.03.2023	% Holding as at 31.03.2023	Number of Shares as at 31.03.2022	% Holding as at 31.03.2022
U. G. Madanayake - Chairman	91,388,864	38.15	91,388,864	38.15
Suren Madanayake - Managing Director	53,209,584	22.21	53,209,584	22.21
Mrs. N. C. Madanayake	4,128,400	1.72	4,128,400	1.72
Dr. Sivakumar Selliah	1,400,000	0.58	1,400,000	0.58
A. M. S. De S. Jayaratne	-	-	-	-
Hemaka Amarasuriya	-	-	-	-
D. D. Wahalantantiri	-	-	-	-
P. S. R. Casie Chitty	-	-	-	-

Accounting policies and changes during the year

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group are given in pages 90 to 105.

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

Going Concern

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

Material Foreseeable Risk Factors

The Risk Management Report is given on page 54 to 59 of the Annual Report, which includes information pertaining to material foreseeable risks of the Group and the mitigation strategies.

Stated Capital

The Stated Capital of the Company as at 31 March 2023 was LKR 299 million and was unchanged during the year.

Events Occurring After the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 40 to the Financial Statements.

REPORT OF THE DIRECTORS

Statutory Payments

All known statutory payments have been made or provided for by the Company.

Interest Register

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

Directors' Interest in Contracts

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

Directors' Retirement by Rotation

The Directors retiring by rotation in terms of Article 85 will be Mr. Daya Wahalantantiri and Dr. Sivakumar Selliah, who being eligible are recommended for re-election.

Directors' Remuneration

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

Directors Meetings

The details of Directors' meetings are set out on page 63 under the Corporate Governance section of the Annual Report.

Dividends

Having satisfied the compliance of the solvency test required by the Companies Act No. 07 of 2007, an interim dividend of LKR 1 per share was paid on 23 September 2022 to the holders of the Ordinary Shares for the financial year 2021/2022.

Capital Expenditure

The capital expenditure on acquisition of property, plant and

equipment of the Company and the Group amounted to LKR44 million and LKR 231 million respectively, details of which are given in notes 12, 13 and 15 to the Financial Statements.

Property, Plant and Equipment

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

Market Value of Properties

The details of market value of freehold land and buildings are given in Note 12 (c) to the Financial Statements. There is no evidence of the book value of the land and buildings being substantially different from the market value of land of the Company and/or its subsidiaries as at 31st March 2023.

Employee Share Ownership Plans

The Group does not operate any share option schemes.

Donations

Donations amounting to LKR 1.9 million (Group amount) were made during the year under review.

Share Information

Information relating to earnings, dividend, net assets and market price per share is given in the Information to Shareholders on page 156 of the Annual Report.

Shareholdings

As at 31 March 2023 there were 8,610 shareholders. The distribution is indicated on page 156 of the Annual Report. The twenty largest

shareholders of the Company as at 31 March 2023, together with an analysis are given on page 157 of the Annual Report.

Ratios and Market Price Information

The ratios relating to equity and debt, as required by the listing requirements of the Colombo Stock Exchange, are given on page 158 of this Report.

Related Party Transactions

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS 24 "Related Party Disclosures" which is adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the section 9 of the listing rules. Those transactions disclosed by the Directors are given in Note 38 to the Financial Statements forming part of the Annual Report of the Board.

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

Related Party Transactions Review Committee report is set out on pages 77 to 78 in the Financial Statements.

Recurrent related party transactions

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

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2023 Audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

A detailed disclosure of related party transactions is given in Note 38 to the financial statements

Employment

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

Environmental Protection

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

Corporate Governance

In the management of the Company, the Directors have placed emphasis in conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved

from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on corporate governance is given on pages 60 to 68 of the Annual Report.

Compliance with Laws and Regulations

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

Independent Auditors' Appointment and Remuneration

The Company's auditors during the period under review were Messrs. PricewaterhouseCoopers, Chartered Accountants, who also were the auditors of certain subsidiaries of the Company. Audit fees payable to Messrs. PricewaterhouseCoopers, by the Company and the Group amounted to LKR 0.9 million and LKR 2.8 million respectively. Audit fees payable to other auditors of other subsidiaries by the Group amounted to LKR 1.9 million.

Notice of Meeting

The 61st Annual General Meeting of the Company is convened on 21st September 2023, at 10.00 am, at the Auditorium of ACL Cables PLC, No.60, Rodney Street, Colombo – 08. The Notice of the 61st Annual General Meeting is on page 162 of the Annual Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

28 August 2023

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

The financial statements presented in the Annual Report for the year ended 31st March 2023, have been prepared based on the new

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

The Board of Directors confirm that the Company's and the Group's Consolidated Statements of Financial Position as at 31st March 2023 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2023 reflect a true and fair view of the Company and the Group respectively.

Approval of Financial Statements

The Directors' Report and the Financial Statements of the Company and of the Group were approved by the Board of Directors on 28 August 2023.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

28 August 2023

AUDIT COMMITTEE REPORT

Role of the Audit Committee

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

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

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

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

Composition of the Audit Committee

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

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

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

Meetings and Attendance

The Committee met on four occasions in 2022/2023 as per the annual meeting schedule and the corporate governance requirement. Members' attendance at these meetings is set out in the Corporate Governance Report. The Chairman, Managing Director, Group Chief Financial Officer and Group Head of Risk & Control are invited to attend meetings as permanent invitees.

Financial Reporting

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2022/2023 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the Internal Audit coverage and the Internal Audit Plan for the company the Management of ACL Cables PLC. The Group Risk & Control division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the company and compliance with laws and regulations and established policies and procedures of the company through Internal Audit reports. Follow-up action was taken on the recommendations of the Internal Auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Group Head of Risk & Control.

The Committee reviewed the whistleblowing arrangements for the company and had direct access to the Ombudsperson (Group Head of Risk & Control) for the company. The effectiveness and resource requirements of the Group Risk & Control division were reviewed and discussed with management and changes were affected where considered necessary.

External Auditors

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

As a general principle, the external auditors are excluded from consultancy

work and cannot be engaged by ACL Cables PLC for other non-audit work unless there are compelling reasons to do so. Any proposal to use the external auditors for non-audit work must be submitted to the Managing Director, via the Group Chief Financial Officer and Group Head of Risk & Control, for approval prior to appointment.

The Audit Committee, having evaluated the performance of the external auditors, decided to recommend to the Board of ACL Cables PLC, the re-appointment of Messrs. PricewaterhouseCoopers Chartered Accountants as auditors of the Company, subject to the approval of the Shareholders at the Annual General Meeting. Details of the fees payable to external auditors for 2022/2023 can be found in Note 6 to the financial statements.

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

Internal Control System

In 2022/2023 the Committee reviewed the effectiveness and efficiency of the Risk & Control team in term of internal audit, Risk management and other governance-related areas to assess the strength of the existing internal control and Risk management systems.

Whistleblowing

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

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

On behalf of the Committee

(Sgd.)

Ajit Jayaratne
Chairman of the Audit Committee

28 August 2023

REMUNERATION COMMITTEE REPORT

Role of the Remuneration Committee

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

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

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

Composition of the Remuneration Committee

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

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

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

Meeting and Attendance

The Committee met on three occasions in the 2022/2023 financial year while complying with the SEC and Code of Best Practice on Corporate Governance issued by CA Sri Lanka. Members attendance at these meeting is set out in Corporate Governance Report. The Committee plan to meet at least bi-annually to review and

give required recommendations to the board on matters pertaining to remuneration of Executive Directors and Key Executives of the company.

Functions of the Remuneration Committee

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

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

Executive Directors

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

Non-Executive Director Remuneration

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

CONCLUSION

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

On behalf of the Committee

(Sgd.)

Ajit Jayaratne

Chairman of the Remuneration Committee

28 August 2023

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Objective

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

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

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

Composition of the Related Party Transactions Review Committee

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

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

Scope of the Committee

- The Committee reviews in advance all proposed related party transactions to ensure they are carried out on an arm's length basis.

- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.
- The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need of special approval from shareholders and disclosure requirements for such transactions.
- The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.
- Members of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person.
- entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- The Committee shall update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- Where necessary, the Committee shall request the Board of Directors to approve the subject related party transactions. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant related party transaction.
- If a Director has a material personal interest in a matter being considered at a Directors' meeting to approve a related party transaction, such Director may not be present while the matter is being considered at the meeting or may not vote on the matter.
- Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Role of the Committee

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms of the provisions set out in Appendix 9A of CSE Rules, either prior to the transaction being
- Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration and circulate the same with the notice of meeting to obtain the shareholder approval.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.
- Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.
- Any concerned transactions, to be highlighted to the Board.

Committee Meetings

Four Committee meetings were held during the financial year 2022/2023 to review information related to four quarters. The Finance Division submitted a comprehensive report on related party transactions to the Committee.

Attendance of the members of the Committee for the said meetings is provided on page 63.

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

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

Conclusion

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

(Sgd.)

Ajit Jayaratne

Chairman - Related Party

Transactions Review Committee

28 August 2023

INDEPENDENT AUDITOR'S REPORT



To the shareholders of ACL Cables PLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of ACL Cables PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

What we have audited

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

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

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

Key audit matters

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

*PricewaterhouseCoopers, P. O. Box 918, 100 Braybrooke Place, Colombo 2, Sri Lanka
T: +94 (11) 771 9700, 771 9838, F: +94 (11) 230 3197, www.pwc.com/lk*

Partners D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, N R Gunasekera FCA, T U Jayasinghe FCA, H P V Lakdeva FCA,
M D B Boyagoda FCA, Ms W D A S U Perera ACA, Ms L A C Tillekeratne ACA, K M D R P Manatunga ACA

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACL Cables PLC

Group and Company:

Key audit matter	How our audit addressed the Key audit matter
Fair valuation of investment property (Refer Notes 2.12 and 14 in the consolidated financial statements for disclosures of related accounting policy and balances) The Group's and the Company's investment properties comprise land and buildings, carried at fair values of Rs. 1,302 million and Rs. 580 million respectively, as at 31 March 2023. All properties were externally valued by an independent valuation expert, having related professional qualifications. The value of these properties is dependent on the valuation methodology adopted (market approach or income approach) and the inputs into the valuation model. Out of the six investment properties, five properties are valued based on market approach and one property is valued based on income approach. In determining the fair values using market approach, the valuer has considered factors like, the individual nature, location, and market prices of comparable properties in close proximity. In determining the fair values using income approach the valuer has considered, annual ground rent, discount rate, outgoing expenses and yield in perpetuity. We considered this to be a matter of most significance to our audit due to the: - Investment property balance in the statement of financial position being material. - Key areas of significant judgments, estimates and assumptions used in the valuation of investment properties	Our audit approach mainly included substantive audit procedures as follows: - assessed the experience, qualifications, and independence of the external valuation expert; - checked the completeness and accuracy of the information provided to the valuer by management; - evaluated the appropriateness of the valuation methodology adopted with methods used in general practice in the industry; - assessed the reasonableness of the investment property values determined by the valuer using market approach by comparing them to publicly available information on the property market considering factors such as location, size of the land extent and physical state of the buildings; - assessed the reasonableness of the investment property value determined by the valuer using income approach by validating the discount rate, existing lease agreements and yield in perpetuity; - checked the valuation reports and agreed the fair values to the Group/Company's consolidated/separate financial statements; Based on our work performed, we found that the significant judgements and assumptions used to determine the fair values of investment properties as at 31 March 2023, to be appropriate.

Group and Company:

Key audit matter	How our audit addressed the Key audit matter
Assessment of net realisable value of slow-moving and obsolete inventory (Refer Notes 2.16 and 20 in the consolidated financial statements for disclosures of related accounting policy and balance) The Group and Company held inventory balances of Rs. 11.7 billion and Rs. 6.8 billion respectively at net realizable value after considering the write down required for slow moving and obsolete inventory as at 31 March 2023. As per the Group's accounting policy, inventories are held at the lower of cost and net realisable value. Management determines the write down required for slow-moving and obsolete inventory by identifying such inventory items from examining inventory records for residence period (non-moving) and by physical inspection at periodic intervals. The future realisability of slow-moving and obsolete inventory is estimated with reference to inventory aging, physical condition and expected market values of such inventory. This area was significant to our audit because of the following reasons: - Inventory balance in the statement of financial position is significant; - Subjectivity in the process for identification of slow moving and obsolete inventory and the determination of net realisable value which is based on management's judgement.	Our audit approach included a combination of testing controls related to the inventory process regarding slow moving and obsolete inventory and the relevant substantive audit procedures, as follows: - obtained an understanding of the management's process in place to identify slow moving and obsolete inventory; - tested management's controls over determining slow moving and obsolete inventory; - for a sample of selected slow moving and obsolete finished goods, assessed the management's basis for determining the net realisable value; - for a sample of selected slow moving finished goods inventory items, determined the net realisable values by reference to recent selling prices compared with the carrying value as determined by management; - physically inspected a sample of the slow-moving inventory items in order to check whether there are any damaged or obsolete items; Based on our work performed, we found management's process for identifying slow-moving and obsolete inventory and determining the net realisable value of such inventory to be appropriate.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ACL Cables PLC

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the separate/ consolidated financial statements, management is responsible for assessing the Company's/ Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company/ Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

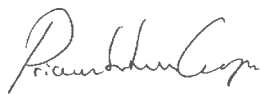
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

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



CHARTERED ACCOUNTANTS

CA Sri Lanka membership number [2857]
COLOMBO

28 August 2023

STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2023	2022	2023	2022
Revenue from contracts with customers	4	30,146,826	35,328,737	15,725,040	19,531,823
Cost of sales	6	(19,158,542)	(27,396,593)	(11,044,571)	(16,592,371)
Gross profit		10,988,284	7,932,143	4,680,469	2,939,452
Other income	5	472,233	165,954	254,669	216,537
Distribution costs	6	(1,444,293)	(1,122,160)	(724,231)	(563,332)
Administrative costs	6	(1,008,991)	(932,126)	(220,102)	(254,843)
Net impairment losses on financial assets	21 (a)	71,766	(197,402)	17,032	(230,955)
Operating profit		9,079,000	5,846,409	4,007,836	2,106,859
Finance income		1,345,407	921,896	445,955	252,993
Finance costs		(1,393,726)	(684,947)	(1,274,594)	(414,792)
Net finance (costs)/ income	8	(48,319)	236,950	(828,638)	(161,800)
Share of net profit of associates accounted for using the equity method	18 (a)	134,395	153,903	-	-
Profit before income tax		9,165,077	6,237,262	3,179,197	1,945,058
Income tax expense	9	(2,152,537)	(1,123,282)	(770,783)	(356,663)
Profit for the year		7,012,540	5,113,980	2,408,414	1,588,396
Profit attributable to :					
- Owners of the company		5,951,700	4,305,018	2,408,414	1,588,396
- Non-controlling interests		1,060,840	808,962	-	-
		7,012,540	5,113,980	2,408,414	1,588,396
Earnings per share - basic /diluted	10	24.84	17.97	10.05	6.63
Dividend per share	11	1.00	1.00	1.00	1.00

The notes on pages 90 to 154 form an integral part of these financial statements.
Independent auditor's report - pages 79 - 83.

STATEMENT OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2023	2022	2023	2022
Profit for the year		7,012,540	5,113,980	2,408,414	1,588,396
Other comprehensive income;					
Subsequently will not be re-classified to profit and loss					
Change in value of financial assets at fair value through other comprehensive income	19 (a)	321,592	7,069	20	1,357
Tax impact on change in value of financial assets at fair value through OCI	27(b)	(98,232)	-	-	-
Re-measurement of defined benefit obligations	26 (c)	(57,355)	128,506	(42,254)	67,132
Tax impact on re-measurement of defined benefit obligations	27(b) ii	18,198	(23,602)	12,676	(12,084)
Share of other comprehensive income of equity accounted investee, net of tax	18 (a)	1,112	536	-	-
Share of other comprehensive income related tax of equity accounted investee	18 (a)	(334)	(75)	-	-
Currency Translation difference	35	596,063	(90,455)	-	-
Prior year error correction		-	(1,541)	-	-
Tax impact on effect of change in tax rates	27 (b)	(119,790)	-	(62,258)	-
Other comprehensive income for the year, net of tax		661,255	20,440	(91,815)	56,405
Total comprehensive income for the year, net of tax		7,673,795	5,134,420	2,316,599	1,644,802
Attributable to;					
- Owners of the company		6,322,926	4,323,469	2,316,599	1,644,802
- Non-controlling interests		1,350,869	810,950	-	-
Total comprehensive income for the year, net of tax		7,673,795	5,134,420	2,316,599	1,644,802

The notes on pages 90 to 154 form an integral part of these financial statements.
Independent auditor's report - pages 79 - 83.

STATEMENT OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2023	2022	2023	2022
ASSETS					
Non-current assets					
Property, plant and equipment	12	5,604,193	5,483,037	1,949,645	2,026,750
Capital work in progress	13	418,816	396,319	189,485	212,600
Investment properties	14	1,302,000	1,229,400	580,000	539,400
Intangible assets	15	68,281	68,281	-	-
Right-of-use assets	16	21,693	28,754	-	-
Investment in subsidiaries	17	-	-	1,047,644	1,047,644
Investments accounted for using the equity method	18	676,787	555,749	345,093	345,093
Financial assets measured at fair value through Other comprehensive Income	19	868,546	546,954	13,705	13,685
		8,960,316	8,308,495	4,125,572	4,185,173
Current assets					
Inventories	20	11,719,856	9,346,739	6,825,887	4,111,209
Trade and other receivables	21	6,498,073	8,366,612	3,647,319	5,294,273
Cash and cash equivalents	22	8,932,964	7,597,962	2,937,493	2,221,646
		27,150,893	25,311,313	13,410,699	11,627,128
Total assets		36,111,209	33,619,808	17,536,271	15,812,301
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	31	299,488	299,488	299,488	299,488
Revaluation reserve	32	2,844,283	2,968,432	1,356,425	1,418,683
General reserve	33	1,123,825	1,123,825	680,266	680,266
Fair value reserve of financial assets at FVOCI	34	251,540	26,138	3,873	3,853
Foreign currency translation reserve	35	231,794	(72,198)	-	-
Retained earnings		18,749,250	13,071,145	7,697,435	5,558,172
Equity attributable to owners of the company		23,500,180	17,416,830	10,037,487	7,960,462
Non-controlling interests		3,958,088	2,724,218	-	-
Total equity		27,458,268	20,141,048	10,037,487	7,960,462
Non-current liabilities					
Defined benefit obligations	26	387,306	285,467	187,646	130,727
Deferred income tax liabilities	27	735,148	409,981	293,720	195,633
Borrowings	24	705,712	1,507,284	454,874	956,854
Lease liabilities	16	17,870	26,613	-	-
		1,846,036	2,229,345	936,240	1,283,215
Current liabilities					
Trade and other payables	23	900,216	5,085,122	2,719,254	2,771,985
Current income tax liabilities	25	2,322,662	1,299,597	999,526	451,336
Lease liabilities	16	8,461	6,981	-	-
Borrowings	24	3,575,566	4,857,716	2,843,764	3,345,304
		6,806,905	11,249,415	6,562,544	6,568,626
Total liabilities		8,652,941	13,478,760	7,498,784	7,851,840
Total equity and liabilities		36,111,209	33,619,808	17,536,271	15,812,301

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

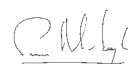


Mahesh Amarasiri
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by the Board of Directors on 28 August 2023.



U. G. Madanayake
Chairman



Suren Madanayake
Managing Director

The notes on pages 90 to 154 form an integral part of these financial statements.

Independent auditor's report - pages 79 - 83.

STATEMENT OF CHANGES IN EQUITY - GROUP

(all amounts in Sri Lanka Rupees thousands)

	Note	Attributable to owners of the parent						Total	Non-controlling interest	Total equity
		Stated capital	Revaluation reserve	General reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings			
Balance at 1 April 2021		299,488	2,968,657	1,123,825	21,057	-	8,919,908	13,332,935	1,947,135	15,280,070
Profit for the year		-	-	-	-	-	4,305,018	4,305,018	808,962	5,113,980
Fair value adjustment for financial assets at fair value through other comprehensive income	34	-	-	-	5,081	-	-	5,081	1,988	7,069
Currency Translation difference		-	-	-	-	(72,198)	(18,257)	(90,455)	-	(90,455)
Re-measurement of defined employment benefit obligations	26 (c)	-	-	-	-	-	128,506	128,506	-	128,506
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	-	(23,602)	(23,602)	-	(23,602)
Adjustment through equity		-	4,879	-	-	-	(6,420)	(1,541)	-	(1,541)
Share of other comprehensive income of equity accounted investee, net of tax	18 (a)	-	-	-	-	-	536	536	-	536
Share of other comprehensive income related tax of equity accounted investee	18 (a)	-	-	-	-	-	(75)	(75)	-	(75)
Total comprehensive income for the year		-	4,879	-	5,081	(72,198)	4,385,708	4,323,469	810,950	5,134,419
Transfer from revaluation reserve net of tax	32 (a)	-	(5,105)	-	-	-	5,105	-	-	-
Dividends	11	-	-	-	-	-	(239,575)	(239,575)	(33,867)	(273,442)
Balance as at 31 March 2022		299,488	2,968,431	1,123,825	26,138	(72,198)	13,071,145	17,416,829	2,724,219	20,141,048
Balance at 1 April 2022		299,488	2,968,431	1,123,825	26,138	(72,198)	13,071,145	17,416,829	2,724,219	20,141,048
Profit for the year		-	-	-	-	-	5,951,700	5,951,700	1,060,840	7,012,540
Fair value adjustment for financial assets at fair value through other comprehensive income	34	-	-		323,634	-	-	323,634	(2,042)	321,592
Deferred tax on the fair value adjustment for financial assets at fair value through other comprehensive income	27(b)	-	-	-	(98,232)	-	-	(98,232)	-	(98,232)
Currency Translation difference	35					303,992	-	303,992	292,071	596,063
Re-measurements of defined employment benefit obligations	26 (c)	-	-	-	-	-	(57,355)	(57,355)	-	(57,355)
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	-	18,198	18,198	-	18,198
Tax impact on effect of change in tax rates	27 (b)	-	(119,790)	-	-	-	-	(119,790)	-	(119,790)
Share of other comprehensive income of equity accounted investee	18 (a)	-	-	-	-	-	1,112	1,112	-	1,112
Share of other comprehensive income related tax of equity accounted investee	18 (a)	-	-	-	-	-	(334)	(334)	-	(334)
Total comprehensive income for the year		-	(119,790)	-	225,402	303,992	5,913,322	6,322,926	1,350,869	7,673,795
Transfer from revaluation reserve net of tax	32 (a)	-	(4,358)	-	-	-	4,358	-	-	-
Dividends	11	-	-	-	-	-	(239,575)	(239,575)	(116,999)	(356,574)
Balance as at 31 March 2023		299,488	2,844,283	1,123,825	251,540	231,794	18,749,250	23,500,180	3,958,088	27,458,268

The notes on pages 90 to 154 form an integral part of these financial statements.

Independent auditor's report - pages 79 - 83.

STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital	Revaluation reserve	General reserve	Fair value reserve of financial assets at FVOCI	Retained earnings	Total
Balance at 1 April 2021		299,488	1,418,683	680,266	2,496	4,154,302	6,555,235
Profit for the year		-	-	-	-	1,588,396	1,588,396
Fair value adjustment for financial assets at fair value through other comprehensive income	34	-	-	-	1,357	-	1,357
Re-measurement of defined employment benefit obligations	26 (c)	-	-	-	-	67,132	67,132
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	(12,084)	(12,084)
Total comprehensive income for the year		-	-	-	1,357	1,643,445	1,644,803
Dividends	11	-	-	-	-	(239,575)	(239,575)
Balance as at 31 March 2022		299,488	1,418,683	680,266	3,853	5,558,172	7,960,462
Balance at 1 April 2022		299,488	1,418,683	680,266	3,853	5,558,172	7,960,462
Profit for the year		-	-	-	-	2,408,414	2,408,414
Fair value adjustment for financial assets at fair value through other comprehensive income	34	-	-	-	20	-	20
Re-measurements of defined employment benefit obligations	26 (c)	-	-	-	-	(42,254)	(42,254)
Deferred tax on re-measurement of defined employment benefit obligations	27(b)	-	-	-	-	12,676	12,676
Tax impact on effect of change in tax rates	27(b)	-	(62,258)	-	-	-	(62,258)
Total comprehensive income for the year		-	(62,258)	-	20	2,378,838	2,316,598
Dividends	11	-	-	-	-	(239,575)	(239,575)
Balance as at 31 March 2023		299,488	1,356,425	680,266	3,873	7,697,435	10,037,487

The notes on pages 90 to 154 form an integral part of these financial statements.
Independent auditor's report - pages 79 - 83.

STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March		Company 31 March	
		2023	2022	2023	2022
Cash flows from operating activities					
Cash generated from / (used in) operations	35	4,961,050	3,706,615	2,815,674	(117,700)
Interest paid	8	(1,393,726)	(684,947)	(1,274,594)	(414,792)
Defined benefit obligations paid	26	(29,090)	(24,564)	(15,873)	(15,738)
Income tax paid less refund received		(978,545)	(502,409)	(174,088)	(195,607)
Net cash generated from operating activities		2,559,689	2,494,694	1,351,119	(743,837)
Cash flows from investing activities					
Interest received	8	1,345,407	921,896	445,955	252,993
Purchase of property, plant and equipment	12	(185,566)	(202,176)	(44,020)	(53,510)
Cost incurred on capital work in progress	13	(45,676)	(309,370)	(63)	(95,523)
Dividend received	5	89,426	6,767	205,949	151,154
Investments in financial assets at fair value through OCI	19	-	(70,000)	-	-
Proceeds from disposal of property, plant and equipment	5	13,293	351	-	-
Net cash used in investing activities		1,216,883	347,468	607,823	255,113
Cash flows from financing activities					
Long term borrowings (settlements/receipts)	24	800,462	412,382	(501,981)	243,520
Short term borrowings (settlements/receipts)	24	(1,816,688)	1,896,729	(944,412)	1,969,654
Principal elements of lease payments	16	(1,278)	(1,229)	-	-
Dividend paid by the Company	11	(239,575)	(239,575)	(239,575)	(239,575)
Dividend paid by subsidiary to non-controlling interests		(116,999)	(33,867)	-	-
Net cash (used in) / generated from financing activities		(2,976,111)	2,034,441	(1,685,968)	1,973,599
Net increase / (decrease) in cash and cash equivalents		800,463	4,876,604	272,974	1,484,877
Cash and cash equivalents at the beginning of the year		7,244,252	2,367,646	2,076,534	591,657
Cash and cash equivalents at the end of the year	22	8,044,714	7,244,252	2,349,508	2,076,534

The notes on pages 90 to 154 form an integral part of these financial statements.

Independent auditor's report - pages 79 - 83.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

1 General Information

General Information of the Company;

ACL Cables PLC is a public limited liability company registered under the Companies Act, No. 7 of 2007.

ACL Cables PLC was incorporated on 1 March 1962 under the Companies Ordinance No. 51 of 1938 as Associated Cables Ltd and on 8 January 1991 the name was changed to ACL Cables Limited. ACL Cables PLC is a Public Limited Liability Company listed

on the Colombo Stock Exchange and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is located at No. 60, Rodney Street, Colombo 08.

1.1 Principal Activities and Nature of Operations

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

General Information of the entities in the Group;

Company	Date of Incorporation	Place of Incorporation	Principal Activity
Kelani Cables PLC	18.12.1972	Sri Lanka	Manufacturing and selling of power cables, telecommunication cables and enameled winding wires
ACL Plastics PLC	17.07.1991	Sri Lanka	Manufacturing cable grade PVC compound
Ceylon Bulbs & Electricals Ltd	16.10.1957	Sri Lanka	Dormant
Lanka Olex Cables (Pvt) Ltd	22.02.1993	Sri Lanka	Investing Company
ACL Kelani Magnet Wire (Pvt) Ltd	29.06.2000	Sri Lanka	Dormant
ACL Polymers (Pvt) Ltd	06.09.2005	Sri Lanka	Dormant
ACL Metals & Alloys (Pvt) Ltd	05.09.2005	Sri Lanka	Manufacturing and selling aluminium rods, alloys of aluminium and other metals
Ceylon Copper (Pvt) Ltd	17.06.2011	Sri Lanka	Manufacturing of copper rods, bus bars, strips, profiles, catenary wires and tubes for local market
ACL Electric (Pvt) Ltd	08.11.2012	Sri Lanka	Manufacturing of electrical accessories
RESUS Energy PLC	11.06.2003	Sri Lanka	Power and energy generation
Cable Solutions (Pvt) Ltd	25.02.2008	Sri Lanka	Manufacturing of cables and accessories

1.2 Approval of Financial Statements by the Board of Directors

The Company's and the Group's financial statements were authorised for issue by the Board of Directors on 28 August 2023.

2 Basis of preparation and summary of significant accounting policies

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

2.1 Basis of preparation and statement of compliance

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant

interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in note 2.4 to the financial statements.

Amendments to the Sri Lanka Accounting Standards

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Group's financial statements have been adopted by the Group (a) new standards and amendments that are effective for the first time for periods commencing on or after 01 April 2022 and (b) forthcoming requirements, being standards and amendments that will become effective on or after 01 April 2022.

(a) New standards and amendments applicable from 01 January 2022

The group has applied the following standards and amendments for the first time for their annual reporting periods commencing 1 January 2022:

i) Amendment to LKAS 16, Property, Plant and Equipment

Proceeds before intended use –this amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

ii) Amendments to SLFRS 3, Reference to the Conceptual Framework

Minor amendments were made to SLFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of LKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

iii) Amendments to LKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendment to LKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous

contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

iv) Annual Improvements to SLFRS Standards 2018–2020

The following improvements were finalised in May 2020:

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

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

(b) New standards and amendments issued but not effective or early adopted in 2022

The following standards and interpretations had been issued by IASB (not yet adopted by CA Sri Lanka except for SLFRS 17), but not mandatory for annual reporting periods ending 31 March 2023. Further, the group has not early adopted these new standards and/or amendments.

i) Classification of Liabilities as Current or Non-current – Amendments to LKAS 1

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

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The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer effective date of the amendments to 1 January 2023. This amendment is not yet adopted in Sri Lanka.

ii) Disclosure Initiative: Accounting Policies - Amendments to LKAS 1

The amendments to LKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments to LKAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023.

iii) Definition of accounting estimate- Amendments to LKAS 8

The amendments introduced the definition of accounting estimates and included other amendments to LKAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023. This amendment is not yet adopted in Sri Lanka.

iv) Amendment to LKAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

LKAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023. This amendment is not yet adopted in Sri Lanka.

The amendments listed above are not expected to have a significant impact on the company.

2.2 Principles of consolidation

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

(a) Subsidiaries

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

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

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

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

(b) Non - Controlling Interest (NCI)

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

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

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

(d) Disposal of subsidiaries

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

(e) Associates

Associates are companies, partnerships or other entities in which the Group exercises significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence

is power to participate in financial and operating policy decisions of the associates, but not power to exercise control or jointly control over those policies.

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

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

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there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference in the consolidated statement of comprehensive income.

(f) Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a

similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

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

2.3

Foreign currencies

(a)

Functional and presentation currency

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

For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(b)

Transactions and balances

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

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value

through other comprehensive income are recognized in other comprehensive income.

- (c) The following subsidiary is using United States Dollar (USD) as its functional currency;

*** Cable Solutions Private Limited**

The Statement of Financial Position and Income Statement of above subsidiary which is translated to Sri Lankan Rupees at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period, respectively.

The Exchange rates applicable during the period were as follows:

	Reporting Date		Income statement	
	2023	2022	2023	2022
USD	335.41	298.00	316.70	205.22

The exchange differences arising on the translation are taken directly to other comprehensive income.

2.4 Significant accounting judgements, estimates and Assumptions

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

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

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

- (a) **Impairment of financial assets**

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward- looking information. Refer 3.1 for more details.

- (b) **Fair value of financial instruments**

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

- (c) **Fair value of property, plant and equipment**

The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the land and building, and sensitivity analysis are provided in Note 12(k).

- (d) **Deferred tax assets**

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

- (e) **Income tax**

The Group is subject to income taxes and other taxes. Significant judgement was required to determine the total provision for current, deferred and other taxes. Refer Note 2.6 for more details.

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(f) **Useful life-time of the property, plant and equipment**
The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management estimates these values, rates, methods and hence they are subject to uncertainty. Refer Note 2.10 for more details.

(g) **Useful life-time of the intangible assets**
Goodwill
Goodwill on acquisitions of subsidiaries is included under intangible assets. Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and carried at less than costs less accumulated impairment losses. Refer Note 15 for more details.

Computer software

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

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

(h) **Defined benefit plans**
The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, etc. All assumptions are reviewed at each reporting date. Refer Note 26(d) for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 26(e).

(i) **Fair value of investment property**
The fair value of investment properties are determined by using valuation techniques. The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the investment property, and sensitivity analysis are provided in Note 14(c).

2.5 Borrowing costs

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

2.6 Tax Expense

2.6.1 Current Tax

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

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

Income tax rates of Group and Company

Name of the Entity	Country of Domicile	Tax Rates		2022
		2023		
		First Six months	Second Six months	
ACL Cables PLC	Sri Lanka	14%, 18%, 24%	30%	14%, 18%, 24%
ACL Plastics PLC	Sri Lanka	18%, 24%	30%	18%, 24%
Kelani Cables PLC	Sri Lanka	14%, 18%, 24%	30%	14%, 18%, 24%
Ceylon Copper Private Limited	Sri Lanka	18%	30%	18%
ACL Metals and Alloys Private Limited	Sri Lanka	18%	30%	18%
ACL Kelani Magnet Wire Private Limited	Sri Lanka	18%, 24%	30%	18%, 24%
Cable Solutions Private Limited	Sri Lanka	14%, 15%, 18%	30%	14%, 15%, 18%
ACL Electric Private Limited	Sri Lanka	14%, 18%	30%	14%, 18%
Ceylon Bulbs Private Limited	Sri Lanka	14%	30%	14%
Lanka Olex Private Limited	Sri Lanka	14%	30%	14%

2.6.2 Indirect Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- * When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicables
- * Receivables and payables that are stated with the amount of sales tax.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Value Added Tax (VAT) rate revisions of 12% and 15% introduced with effect from 1 June 2022 and 1 September 2022 respectively during the year and prior to aforesaid periods, applied rate was 8%.

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of manufacturing, supply of services or whole/retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 2.5%, with effect from 1st October 2022.

2.7 Deferred taxation

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

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

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

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

2.8 Financial Instruments - Initial Recognition and Subsequent Measurement

2.8.1 Financial Assets - Initial Recognition and Measurement

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

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

2.8.2 Subsequent Measurement

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

(a) Debt Instruments at Amortized cost

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

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

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payments of principal and interest on the principal amount outstanding

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

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

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

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

2.8.3 De - recognition

A financial asset is de-recognised when;

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

When the Company has transferred its rights to receive cash flows from an asset or has entered in to a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

2.8.4 Impairment of Financial Assets

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

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

2.8.5 Financial Assets categorized as Fair Value through OCI

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

2.8.6 Financial Liabilities - Initial Recognition and Measurement

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

2.8.7 Subsequent Measurement

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

Other Payables

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

2.8.8 De - recognition

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

2.8.9 Offsetting of Financial Instruments

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

2.9 Property, plant and equipment

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

2.9.1 Initial recognition

Owned assets

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

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

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

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

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

2.9.2 Subsequent measurement

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

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

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

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

2.9.3 Derecognition

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

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2.9.4 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work in Progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. (i.e., available for use)

2.10 Intangible assets

Basis of Recognition

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

(a) Goodwill

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

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

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

(b) Computer software

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

Costs associated with maintaining computer software programmes are recognised as an expense

as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads.

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

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

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

2.11 Leases

The Group's lease hold property includes land and buildings. Rental contract is typically made as per the initial rental or lease agreement, but may have extension options as described in 2.11 (ii) below.

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

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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

To determine the incremental borrowing rate, the Group:

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

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

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

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

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

(i) Variable lease payments

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

(ii) Extension and termination options

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

Until 31 March 2020, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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2.12 Investment properties

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

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

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

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

2.13 Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been

a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

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

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

2.14 Cash and cash equivalents

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

2.15 Investments in subsidiaries in separate Financial statements

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

2.16 Inventories

Inventories are valued at lower of cost or net realizable value, after making due allowance for obsolete and slow-moving items. Net realizable

value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and / or cost of conversion from their existing state to saleable condition.

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

Raw Material : At actual cost of weighted average basis

Work-in-Progress : At the actual cost of direct material, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity

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

Finished goods purchased : At actual cost of weighted average basis

Goods in Transit : At Actual cost

2.17 Trade and other receivables

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

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

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

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any

difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

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

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

2.19 Trade and other payables

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

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

2.20 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

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obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as an interest expense.

2.21 Defined benefit plans - gratuity

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

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

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

Valuer has considered an adjusted risk free rate for financial reporting purposes for the current year by adjusting both present country rating default spread and Pre-pandemic default spread to the Treasury bond rate considering the current economic context of the country.

The liability is not externally funded.

2.22 Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

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

2.23 Contingent assets and contingent liabilities

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

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

2.24 Revenue recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring promised products to a customer. A product is transferred when the customer obtains control of that product, and the control of the products has transferred, being when the products are delivered to the customer or customer nominated forwarder, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped or delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Sales are measured at fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales Taxes) and variable consideration (e.g. discounts and rebates). Credit term provided for the customer is on average 30 days from the sale of goods.

2.25 Other income

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

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

Other income is recognised on an accrual basis.

2.26 Expenditure recognition

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

2.27 Dividends on ordinary shares

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

2.28 Comparatives

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

2.29 Segment reporting

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

2.30 Earnings per share

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

2.31 Statement of cash flows

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

2.32 Directors' responsibilities statement

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

2.33 Rounding of amounts

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

2.34 Materiality and Aggregation

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

2.35 Offsetting

Assets and liabilities or income and expenses are not offset unless required or permitted by Sri Lanka Accounting standards.

2.36 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

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- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 Financial risk management

3.1 Financial risk factors

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

The Company's principal financial liabilities comprise short term borrowings, trade and other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has various financial assets

such as trade and other receivables, other investments, loans and cash balances, which arise directly and indirectly from its operations.

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

(a) Market risk

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

The sensitivity analysis in the following sections relate to the position as at 31 March in 2023 and 2022.

The following assumptions have been made in calculating the sensitivity analysis:

- * The sensitivity of the relevant Statement of profit or loss item is the effect of the assumed changes in respective market risks.
- * This is based on the financial assets and financial liabilities held at 31 March 2023 and 2022.
- * The statement of financial position sensitivity relates to equity instruments designated at fair value through OCI.

(i) Foreign exchange risk

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

As at 31st March 2023, rupee fell by 13% against the US dollar compared to its closing rate on 31st March 2022. However, from the second half of the financial year, the foreign exchange liquidity improved on the back of a trade surplus given the sharp contraction of imports due to the fiscal and monetary policy measures adopted in the country and the continuation of import restrictions at the time. However, when the repayment of foreign debt begins and import restrictions are fully relaxed, currency volatility can be anticipated.

Group	31 March			
	2023		2022	
	USD	LKR	USD	LKR
Trade receivables	1,143	383,404	2,858	854,384
Trade payables	1,113	373,370	11,379	3,402,078
Cash in bank	19,455	6,525,235	24,926	7,452,515

Company	31 March			
	2023		2022	
	USD	LKR	USD	LKR
Trade receivables	687	230,480	1,471	439,685
Trade payables	93	31,351	4,862	1,453,546
Cash in bank	5,604	1,879,493	6,075	1,816,469

The assumed movement, in the spread of the exchange rate sensitivity analysis, is based on the current observable market environment.

Amounts recognised in profit or loss and other comprehensive income

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

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Amounts recognised in profit or loss				
Foreign exchange gain included in finance cost	812,858	782,344	344,533	231,941
Foreign exchange loss included in finance cost	(450,132)	(205,517)	(417,067)	(143,472)
Total net foreign exchange (losses)/gains recognised in profit before income tax for the period	362,726	576,827	(72,534)	88,468

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

For the year ended 31st March	Increase/(decrease) in exchange rate USD	Group	Company
2023	+ 7.5%	490,145	155,897
	- 7.5%	(490,145)	(155,897)
2022	+ 30%	1,471,446	240,782
	- 30%	(1,471,446)	(240,782)
2022	+ 20%	980,964	160,522
	- 20%	(980,964)	(160,522)

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(ii) Interest rate risk

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

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

For the year ended 31st March	Increase/(decrease) in interest rate	Group	Company
2023	+ 5%	46,995	42,876
	- 5%	(46,995)	(42,876)
2022	+ 20%	(118,677)	(67,830)
	- 20%	118,677	67,830
2022	+ 10%	(94,942)	(54,264)
	- 10%	94,942	54,264

The spread of basis points for the interest rate sensitivity analysis is assumed based on movement of base floating interest rates in the market during financial year 2022/23.

(iii) Price risk

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

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

Group	Change in equity price	Effect on profit	Effect on equity
31 March 2023	10%	-	86,855
31 March 2022	10%	-	54,695

Company	Change in equity price	Effect on profit	Effect on equity
31 March 2023	10%	-	1,371
31 March 2022	10%	-	1,368

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

(b) Credit risk

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

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

Trade receivables

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 March 2023 and 31 March 2022 was determined as follows for trade receivables.

Group

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	More than 360 days past due	Total
31 March 2023						
Expected loss rate	2.11%	4.71%	8.15%	39.46%	95.56%	
Trade receivables considered for collective provision	918,341	360,050	101,985	161,871	846,977	2,389,224
Loss Allowance	19,400	16,972	8,311	63,880	809,382	917,945
31 March 2022						
Expected loss rate	9.47%	8.17%	5.39%	22.04%	91.89%	
Trade receivables considered for collective provision	2,833,678	1,300,442	817,438	475,445	397,309	5,824,313
Loss Allowance	268,454	106,290	44,058	104,769	365,094	888,665

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Company

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	More than 360 days past due	Total
31 March 2023						
Expected loss rate	0.10%	7.00%	1.42%	2.57%	97.52%	
Trade receivables considered for collective provision	626,210	15,563	8,235	14,226	604,216	1,268,450
Loss Allowance	604	1,089	117	365	589,218	591,393
31 March 2022						
Expected loss rate	3.02%	3.10%	3.44%	5.19%	20.84%	
Trade receivables considered for collective provision	2,092,769	723,645	590,414	308,628	191,588	3,907,045
Loss Allowance	249,658	90,407	35,864	47,223	144,930	568,082

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

	Group		Company	
	2023	2022	2023	2022
Opening loss allowance at 1 April	939,753	754,378	619,169	400,242
Increase in loss allowance recognised in profit or loss during the year				
- as per collective impairment provision	(82,510)	45,431	(27,776)	167,840
- as per individual impairment provision	-	139,944	-	51,088
Closing loss allowance at 31 March	857,243	939,753	591,393	619,169

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

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of borrowings and bank overdrafts.

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

Analysis of financial assets and liabilities by remaining contractual maturities

Group At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	876,551	-	-	-	876,551
Borrowings	2,687,318	557,494	148,218	-	3,393,030
Lease liabilities	8,461	9,963	7,907	-	26,331
Bank overdrafts	888,248	-	-	-	888,248
Total financial liabilities	4,460,578	567,457	156,125	-	5,184,159

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Trade & other payables (excluding statutory liabilities)	5,063,239	-	-	-	5,063,239
Borrowings	4,504,006	1,200,939	306,345	-	6,011,290
Lease liabilities	6,981	13,961	12,652	-	33,594
Bank overdrafts	353,710	-	-	-	353,710
Total financial liabilities	9,927,936	1,214,900	318,997	-	11,461,833

Company At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	2,706,859	-	-	-	2,706,859
Borrowings	2,255,780	397,345	57,528	-	2,710,654
Bank overdrafts	587,985	-	-	-	587,985
Total financial liabilities	5,550,623	397,345	57,528	-	6,005,497

At 31 March 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Trade & other payables (excluding statutory liabilities)	2,761,373	-	-	-	2,761,373
Borrowings	3,200,192	861,347	95,497	-	4,157,036
Bank overdrafts	145,112	-	-	-	145,112
Total financial liabilities	6,106,677	861,347	95,497	-	7,063,521

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(all amounts in Sri Lanka Rupees thousands)

3.2 Capital risk management

Capital comprises of equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2023.

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

Borrowings

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Total borrowings (Note 24)	4,281,278	6,365,000	3,298,638	4,302,159
Lease liabilities (Note 16)	26,331	33,594	-	-
Less : Cash and cash equivalents (Note 22)	(8,932,964)	(7,597,962)	(2,937,493)	(2,221,646)
Net debt	(4,625,355)	(1,199,368)	361,145	2,080,513
Total equity	27,458,268	20,141,048	10,037,486	7,960,462
Total capital	22,832,913	18,941,680	10,398,631	10,040,975
Gearing ratio	-20.26%	-6.33%	3.47%	20.72%

The decrease in the gearing ratio during the year 2023 resulted primarily from the increase of the profit and decrease of borrowings during the year.

3.3 Fair value estimation

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

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

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

As at 31 March 2023	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
Assets								
Financial assets at fair value through OCI (Note 19)	56,934	811,612	-	868,546	13,705	-	-	13,705
	56,934	811,612	-	868,546	13,705	-	-	13,705
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

As at 31 March 2022	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
Assets								
Financial assets at fair value through OCI (Note 19)	62,783	-	484,171	546,954	13,685	-	-	13,685
	62,783	-	484,171	546,954	13,685	-	-	13,685
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

Transfers between levels 2 and 3

In the financial year of 2021/22, investment in Ethimale Plantation of Rs. 484,171 categorized under Level 3 in fair value hierarchy since the fair value of the investment could not be reliably measured as the underlying investee company is in its development stage. In the current year, it was recognized under Level 2 in the fair value hierarchy since the fair value was computed using the market observable data of same industry.

The Company held the following non- financial assets carried at fair value in the statement of financial position:

As at 31 March 2023	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
Assets								
Land and buildings	-	-	4,326,837	4,326,837	-	-	1,585,090	1,585,090
Investment properties	-	1,193,500	108,500	1,302,000	-	471,500	108,500	580,000
	-	1,193,500	4,435,337	5,628,837	-	471,500	1,693,590	2,165,090

As at 31 March 2022	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
Assets								
Land and buildings	-	-	4,275,989	4,275,989	-	-	1,598,613	1,598,613
Investment properties	-	1,134,400	95,000	1,229,400	-	444,400	95,000	539,400
	-	1,134,400	4,370,989	5,505,389	-	444,400	1,693,613	2,138,013

(a) Financial instruments in Level 1

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

(b) Financial instruments in Level 2

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

(c) Financial instruments in Level 3

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

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(all amounts in Sri Lanka Rupees thousands)

4 Revenue from contracts with customers

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Geographical segment turnover				
Local sales	20,896,944	28,557,367	11,893,249	16,690,624
Export sales	9,249,882	6,771,369	3,831,791	2,841,199
Net revenue	30,146,826	35,328,737	15,725,040	19,531,823

The Group and the Company derives revenue from the transfer of goods at a point in time.

5 Other income

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Dividend income (Note 5.1)	89,426	6,767	205,949	151,154
Profit on disposal of property, plant and equipment	13,293	351	-	-
Profit from foreign investments (Note 5.2)	229,427	-	-	-
Gain from fair valuation adjustment to investment property (Note 14)	72,600	84,350	40,600	44,850
Sundry income (Note 5.3)	67,487	74,486	8,120	20,532
	472,233	165,954	254,669	216,537

5.1 Dividend income of Group includes the dividends received from investments and the Company includes mainly the dividends received from the related party Companies.

5.2 Profit from foreign investments

During the year, the advance payment made to Blue Water Resort Hotel Project was paid back to the Kelani Cables PLC since the investment did not materialize. From the total amount received, after deducting the expenses already incurred, the Company has incurred a profit net of exchange rate gain as above.

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

6 Expenses by nature

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Directors emoluments [Note 38.13 (f)]	105,933	96,635	80,431	74,477
Auditors remuneration				
Statutory Audit	4,721	3,542	894	732
Audit related services	239	180	75	45
Legal fees	5,412	1,056	5,412	615
Depreciation on property, plant and equipment (Note 12)	400,805	326,519	144,305	136,235
Depreciation of right-of-use assets (Note 16)	7,061	6,840	-	-
Amortization charge on intangible assets (Note 15)	-	7,684	-	859
Cost of raw material consumed	17,951,669	22,083,353	10,208,876	15,695,284
Repairs and maintenance	108,859	142,433	80,826	109,489
Donations	1,969	1,294	1,859	1,269
Staff costs (Note 7)	2,076,070	1,964,398	860,428	860,168
Write down of inventories to net realizable value [Note 20(a)]	27,497	86,597	24,370	13,472
Other expenses	849,824	4,927,750	564,397	748,856
Total expenses	21,540,059	29,648,281	11,971,873	17,641,500
Classified as:				
Cost of sales	19,158,542	27,396,593	11,044,571	16,592,371
Distribution costs	1,444,293	1,122,160	724,231	563,332
Administrative costs	1,008,991	932,126	220,102	254,843
Net impairment (reversal)/ charge on financial assets	(71,766)	197,402	(17,032)	230,955
Total	21,540,059	29,648,281	11,971,873	17,641,500

7 Staff costs

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Salaries, wages and related costs	1,847,329	1,799,804	757,111	793,094
Defined contribution plan	159,885	149,840	72,777	69,485
Defined benefit plan [Note 26(b)]	68,856	14,754	30,540	(2,411)
	2,076,070	1,964,398	860,428	860,168
Average number of employees during the year	1,544	1,643	581	628

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(all amounts in Sri Lanka Rupees thousands)

8 Net finance (costs)/ income

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Finance income:				
Interest income	532,549	139,553	101,422	21,052
Foreign exchange gain	812,858	782,344	344,533	231,941
Finance income	1,345,407	921,896	445,955	252,993
Finance costs:				
Interest on bank borrowings	(939,904)	(474,709)	(857,526)	(271,320)
Interest on right-of-use lease liabilities (Note 16)	(3,690)	(4,721)	-	-
Foreign exchange loss	(450,132)	(205,517)	(417,067)	(143,472)
Finance costs	(1,393,726)	(684,947)	(1,274,594)	(414,792)
Net finance (costs)/ income	(48,319)	236,950	(828,638)	(161,800)

9 Income tax expenses

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Current tax on profit for the year (Note 25)	2,055,391	1,171,842	714,691	380,846
Over / under provision in respect of prior years	(38,715)	(130)	7,588	9,028
Deferred tax release (Note 27)	130,372	(48,430)	48,504	(33,211)
WHT on dividend paid by subsidiaries	5,488	-	-	-
	2,152,537	1,123,282	770,783	356,663

(b) Reconciliation of Accounting Profit to Income Tax Expense

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Profit before tax	9,165,077	6,237,262	3,179,197	1,945,058
Share of profit from equity accounted investees	(134,395)	(153,903)	-	-
Consolidation adjustments	(740,692)	(221,359)	-	-
	8,289,990	5,862,000	3,179,197	1,945,058
Tax exempt income	(1,475,046)	(526,878)	(353,608)	(222,131)
Aggregated disallowable expenses	895,377	804,025	196,982	504,838
Aggregated allowable expenses	(332,505)	(317,104)	(139,908)	(137,665)
Other taxable income	235,955	58,038	209,324	58,038
Taxable income	7,613,771	5,880,081	3,091,987	2,148,140
Tax @ 14%	132,654	110,653	75,104	50,210
Tax @ 15%	96,386	34,494	-	-
Tax @ 18%	623,685	867,514	181,129	266,179
Tax @ 24%	88,551	159,180	25,515	64,457
Tax @ 30%	1,114,114	-	432,943	-
	2,055,391	1,153,317	714,691	380,846
(Over)/under provision in respect of previous year	(38,715)	(130)	7,588	9,028
Deferred tax (reversal) / charge (Note 27)	130,372	(48,430)	48,504	(33,211)
WHT on dividend paid by subsidiaries	5,488	-	-	-
Tax expense for the year	2,152,537	1,123,282	770,783	356,663
Effective tax rate including deferred tax	23%	18%	24%	18%
Effective tax rate excluding deferred tax	22%	19%	23%	20%

10 Earnings per share

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Net profit attributable to equity holders	5,951,700	4,305,018	2,408,414	1,588,396
Weighted average number of ordinary Shares in issue (Note 31)	239,574,720	239,574,720	239,574,720	239,574,720
Basic / Diluted earnings per share (Rs.)	24.84	17.97	10.05	6.63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Dividend per share

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Dividends paid	239,575	239,575	239,575	239,575
Number of ordinary shares in issue (Note 31)	239,574,720	239,574,720	239,574,720	239,574,720
Dividend per share (Rs.)	1.00	1.00	1.00	1.00

12 Property, plant and equipment

(a) Group	Land and buildings	Plant, machinery and accessories	Equipment, tools and implements	Furniture, fittings and office equipment	Motor vehicles	Total
At 31 March 2021						
Cost / valuation	4,684,911	2,508,931	260,849	173,585	440,800	8,069,076
Accumulated depreciation	(342,132)	(1,698,361)	(146,812)	(140,869)	(291,135)	(2,619,310)
Net book amount	4,342,779	810,570	114,037	32,716	149,664	5,449,766
Year ended 31 March 2022						
Opening net book amount	4,342,779	810,570	114,037	32,716	149,664	5,449,766
Additions	14,548	141,605	22,302	8,084	15,636	202,176
Transfer from work in progress (Note 13)	1,267	110,773	45,680	-	-	157,720
Disposals / transfers						
- cost	-	(351)	-	-	-	(351)
- depreciation	-	351	-	-	-	351
Currency translation difference	(58)	106	(52)	236	(337)	(106)
Depreciation charge (Note 06)	(82,547)	(158,545)	(20,602)	(10,386)	(54,439)	(326,519)
Closing net book amount	4,275,989	904,509	161,365	30,650	110,524	5,483,037
At 31 March 2022						
Cost / valuation	4,700,726	2,760,958	328,831	181,669	456,436	8,428,620
Accumulated depreciation	(424,737)	(1,856,449)	(167,466)	(151,019)	(345,912)	(2,945,583)
Net book amount	4,275,989	904,509	161,365	30,650	110,524	5,483,037
Year ended 31 March 2023						
Opening net book amount	4,275,989	904,509	161,365	30,650	110,524	5,483,037
Additions	42,221	73,380	46,130	6,985	16,850	185,566
Transfer from work in progress (Note 13)	21,697	1,482	-	-	-	23,179
Disposals / transfers						
- cost	-	(561)	-	-	(10,250)	(10,811)
- depreciation	-	364	-	-	10,250	10,614
Currency translation difference	89,874	201,210	16,232	4,646	1,450	313,413
Depreciation charge (Note 06)	(102,944)	(196,765)	(37,481)	(11,007)	(52,608)	(400,805)
Closing net book amount	4,326,837	983,619	186,247	31,275	76,216	5,604,193
At 31 March 2023						
Cost / valuation	4,764,645	2,835,259	374,961	188,654	463,036	8,626,555
Accumulated depreciation	(437,808)	(1,851,640)	(188,715)	(157,380)	(386,819)	(3,022,361)
Net book amount	4,326,837	983,619	186,247	31,275	76,216	5,604,193

(b) Company	Land and buildings	Plant, machinery and accessories	Equipment, tools and implements	Furniture, fittings and office equipment	Motor vehicles	Total
At 31 March 2021						
Cost / valuation	1,628,606	1,277,239	26,061	100,833	189,171	3,221,909
Accumulated depreciation	-	(903,532)	(14,986)	(77,798)	(116,120)	(1,112,434)
Net book amount	1,628,606	373,707	11,075	23,035	73,051	2,109,476
Year ended 31 March 2022						
Opening net book amount	1,628,606	373,707	11,075	23,035	73,051	2,109,476
Additions	-	47,475	-	6,035	-	53,510
Depreciation charge (Note 06)	(29,993)	(70,603)	(702)	(7,303)	(27,633)	(136,235)
Closing net book amount	1,598,613	350,579	10,373	21,767	45,418	2,026,750
At 31 March 2022						
Cost / valuation	1,628,606	1,324,714	26,061	106,868	186,053	3,272,302
Accumulated depreciation	(29,993)	(974,135)	(15,688)	(85,101)	(140,635)	(1,245,552)
Net book amount	1,598,613	350,579	10,373	21,767	45,418	2,026,750
Year ended 31 March 2023						
Opening net book amount	1,598,613	350,579	10,373	21,767	45,418	2,026,750
Additions	-	38,465	-	3,206	2,350	44,020
Transfer from work in progress (Note 13)	21,697	1,482	-	-	-	23,179
Depreciation charge (Note 06)	(35,220)	(75,196)	(77)	(7,648)	(26,164)	(144,305)
Closing net book amount	1,585,090	315,330	10,297	17,324	21,604	1,949,645
At 31 March 2023						
Cost / valuation	1,650,303	1,364,660	26,061	110,074	191,521	3,342,619
Accumulated depreciation	(65,214)	(1,049,331)	(15,764)	(92,750)	(169,917)	(1,392,974)
Net book amount	1,585,090	315,330	10,297	17,324	21,604	1,949,645

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

Company	Valued on	Name of the valuer	Valued amount
Assets			
Land	31 March 2021	Mr J M Senanayaka Bandara	769,791
Buildings	31 March 2021	Mr J M Senanayaka Bandara	858,815
Group			
Land			
ACL Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	769,791
Kelani Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	389,500
ACL Plastics PLC	31 March 2021	Mr J M Senanayaka Bandara	148,000
Ceylon Bulbs and Electricals Limited	31 March 2021	Mr J M Senanayaka Bandara	939,400
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	150,000
Ceylon Copper (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	52,209
ACL Electric (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	25,500

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Company	Valued on	Name of the valuer	Valued amount
Buildings			
ACL Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	858,815
Kelani Cables PLC	31 March 2021	Mr J M Senanayaka Bandara	334,500
ACL Plastics PLC	31 March 2021	Mr J M Senanayaka Bandara	131,500
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	187,000
ACL Metals & Alloys (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	111,435
Ceylon Copper (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	35,885
ACL Electric (Private) Limited	31 March 2021	Mr J M Senanayaka Bandara	68,500

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

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

	Valued on	31 March 2023			31 March 2022
		Cost	Accumulated depreciation	Net book value	Net book value
Company					
Land	31 March 2021	250,972	-	250,972	250,972
Building	31 March 2021	214,800	155,867	58,933	67,525

	Valued on	31 March 2023			31 March 2022
		Cost	Accumulated depreciation	Net book value	Net book value
Group					
Land					
ACL Cables PLC	31 March 2021	250,972	-	250,972	250,972
Kelani Cables PLC	31 March 2021	163,005	-	163,005	163,005
ACL Plastics PLC	31 March 2021	7,509	-	7,509	7,509
Ceylon Bulbs and Electricals Limited	31 March 2021	296	-	296	296
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	38,227	-	38,227	38,227
Ceylon Copper (Private) Limited	31 March 2021	25,199	-	25,199	25,199
ACL Electric (Private) Limited	31 March 2021	16,987	-	16,987	16,987
Buildings					
ACL Cables PLC	31 March 2021	214,800	155,867	58,933	67,525
Kelani Cables PLC	31 March 2021	136,842	81,510	55,333	51,619
ACL Plastics PLC	31 March 2021	35,313	19,775	15,538	16,950
Ceylon Bulbs and Electricals Limited	31 March 2021	1,625	1,625	-	-
ACL Kelani Magnet Wire (Private) Limited	31 March 2021	57,518	39,072	18,446	20,769
ACL Metals & Alloys (Private) Limited	31 March 2021	34,141	21,934	12,207	13,573
Ceylon Copper (Private) Limited	31 March 2021	15,860	15,860	-	8,899
ACL Electric (Private) Limited	31 March 2021	43,238	16,945	26,293	28,023

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

	31 March	
	2023	2022
ACL Cables PLC	934,836	910,185
ACL Plastics PLC	127,800	103,796
ACL Polymers (Private) Limited	19,276	19,276
Kelani Cables PLC	658,788	430,950
Ceylon Bulbs & Electricals Limited	14,064	14,064
ACL Kelani Magnet Wire (Private) Limited	10,645	10,645
ACL Metals & Alloys (Private) Limited	54,516	54,013
Cable Solutions (Private) Limited	31,159	31,159

- (f) Details of property, plant and equipment pledged as security for term loans obtained, are disclosed in Note 24.1
- (g) There are no idle property, plant and equipment as at the reporting date.
- (h) There are no restrictions that existed on the title of the property , plant and equipment of the Group / Company as at the reporting date.
- (i) There is no capitalisation of borrowing cost relating to the acquisition of property, plant and equipment by the Group/ Company during the year (2022 - Nil).
- (j) The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2023 of the Group and Company by considering the impact from the current economic condition as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant and equipment (2022 - Nil).

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

Company	Location	Extent of the Land	No of buildings	Method of valuation and significant unobservable inputs
ACL Cables PLC	ACL Cables Factory Premises, Welithotuwa Road, Off Madapatha Road, Batakettara, Piliyandala.	11A-0R-30.11P 223,094 Sq.ft	15	Market Comparable method Depreciated replacement cost method
	Part of ACL Cables Factory Premises, Welithotuwa Road, Off Madapatha road, Batakettara, Piliyandala.	1A-2R-26.72P 17,842 Sq.ft	7	Market Comparable method Depreciated replacement cost method
	Postal No.376/4, (Close to ACL Cables Factory Premises) Welithotuwa Road, Off Madapatha Road Batakettara, Piliyandala.	1A-1R-7.52P 17,110 Sq.ft	4	Market Comparable method Depreciated replacement cost method
	No.60, Rodney Street, Colombo 08	15,288 sq.ft	-	Depreciated replacement cost method
ACL Electric Pvt Ltd	Factory Premises of ACL Electric Pvt Ltd Padukka Road, Millawa, Moragahahena, Horana	1A-2R-1.6P 12,960 Sq.ft	1	Market Comparable method Depreciated replacement cost method
Ceylon Copper Pvt Ltd	Ceylon Copper Pvt Ltd Factory Premises, Welithotuwa Road, Off Madapatha Road, Batakettara, Piliyandala.	3R 38.21P 7,150 Sq.ft	1	Market Comparable method Depreciated cost replacement cost method
ACL Metals and Alloys Pvt Ltd	ACL Metals and Alloys Pvt Ltd Factory Premises, Welithotuwa Road, Off Madapatha Road, Batakettara, Piliyandala.	23,460 Sq.ft	1	Depreciated cost replacement cost method
Ceylon Bulbs and Electricals Limited	No.60, Rodney Street, Colombo 08	1A-2R-28.4P	12	Market Comparable method
ACL Kelani Magnet Pvt Ltd	No.241, Raja Mawatha, Ekala, Ja ela	3A-2R-5P 50,554 Sq.ft	7	Market Comparable method
ACL Plastics PLC	No 52, 52/1, ACL Plastics factory premises Temple Road, Ekala, Ja ela	3A -0R-34P 36,579 Sq.ft	9	Market Comparable method Depreciated replacement cost method
	Lot 10, Part of Straatenwyk Estate, Suhada Mawatha, Off Samagi Mawatha, Ekala, Ja ela	0A-0R-20P	-	Market Comparable method
	Lot 1 - Part of OTS Idama, ACL Staff Quarters, Sand Piper Road, Nivasipura, Ekala - Kurunduwatta Kotugoda, Ja-ela	0A-0R-10.19P 1,690 Sq.ft	-	Market Comparable method Depreciated replacement cost method
Kelani Cables PLC	Wewelduwa, Kelaniya	1041.5 Perches 117,107 Sq.ft	19	Market Comparable method Depreciated replacement cost method
	Land and building situated at Mahena Road, Siyambalape South, Siyambalape Wewelduwa, Kelaniya	172.8 Perches 35,583 Sq.ft	5	Market Comparable method Depreciated replacement cost method

All above revaluation are based on market value and the revaluation was carried out on 31st March 2021 by an Independent valuer. The Directors are of the view that market value as at 31st March 2023 have not materially changed from the value determined as at 31 March 2021.

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

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13 Capital work in progress

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	396,319	244,669	212,600	117,077
Cost incurred during the year	45,676	309,370	63	95,523
Amount transferred to property, plant and equipment (Note 12)	(23,179)	(157,720)	(23,179)	-
Balance at the end of the year	418,816	396,319	189,485	212,600

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

14 Investment properties

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	1,229,400	1,145,050	539,400	494,550
Fair value gain	72,600	84,350	40,600	44,850
Balance at the end of the year	1,302,000	1,229,400	580,000	539,400

According to the valuation done by Mr. J. M. S Bandara, independent professional valuer, a Fellow Member of Institute of Valuers of Sri Lanka, the fair value of investment property of Group as at 31 March 2023 is Rs. 1,302 million (2022 - Rs. 1,229 million) and the fair value of investment property of Company is Rs. 580 million (2022 - Rs. 539 million).

(a) Details of land and buildings under investment properties

Location	Extent	Carrying value
Kahathuduwa	13A. 0R. 2.5P	181,000
Piliyandala	1A. 0R. 32.8P	92,500
Piliyandala	0A. 0R. 17P	12,000
Piliyandala	2A. 2R. 28.27P	186,000
Kalutara	2A. 3R. 1P	108,500
Total of the Company		580,000
Ekala	13A. 0R. 2P	722,000
Total of the Group		1,302,000

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Rent income	3,335	3,434	3,335	3,434
Fair value gain recognised in other income	72,600	84,350	40,600	44,850
Direct operating expenses	670	162	-	-

Direct operating expenses arising from investment property of Kelani Cables PLC that did not generate rental income during the year was Rs. 670,000 (2022 - Rs. 162,000)

(c) Investment Property Fair valuation method used in 2023.

Fair value of the investment property is determined based on Level 2 inputs with the exceptions of the investment property situated in Kaluthara where the income approach had been used for which is level 3 input used. Measurement of fair value method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value. Investment property situated in Kaluthara is valued based on rent income generated from the land rented. The valuer has considered discount rate of 12% and yield in perpetuity at 6% for the valuation as the significant inputs for the valuation.

ACL Cables PLC

Investment property and method of valuation	Range of estimates for unobservable inputs	Carrying Value before Revaluation	Revalued amount of land as at 31st March 2023	Fair value gain	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Kahathuduwa - Market comparable method	11A-3R-18P @ Rs.13,750,000/- per acre and 1A-0R-24.5P @ Rs.15,500,000/- per acre	171,250	181,000	9,750	Price per acre for land	Positively correlated sensitivity
Piliyandala - Market comparable method	1A -0R -32.8P Rs.480,000/- per perch	86,750	92,500	5,750	Price per perch for land	Positively correlated sensitivity
Piliyandala - Market comparable / cost method	0A - 0R-17P @ Rs.575,000/- per perch 1,107 sq.ft @ 2,000 per sq.ft	10,900	12,000	1,100	" Price per perch for land Building - Price per Sq.ft "	Positively correlated sensitivity
Piliyandala - Market comparable method	2A -2R-28.27P Rs.425,000/- per perch	175,500	186,000	10,500	" Price per perch for land "	Positively correlated sensitivity
Kalutara - Income approach	2A - 3R - 1P Monthly rental of Rs. 292,820/-	95,000	108,500	13,500	Rent per month	Positively correlated sensitivity

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Kelani Cables PLC

Investment property and method of valuation	Range of estimates for unobservable inputs	Carrying Value before Revaluation	Revalued amount of land as at 31st March 2023	Fair value gain	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Ekala - Market comparable method	Rs.55,500,000/- per acre	690,000	722,000	32,000	Price per perch of land	Positively correlated sensitivity

- (d) As at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS -13 Fair Value measurement.

15 Intangible assets

- (a) Group

Cost	31 March 2023			31 March 2022		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
Balance at the beginning of the year	120,806	44,968	165,774	120,806	44,968	165,774
Balance at the end of the year	120,806	44,968	165,774	120,806	44,968	165,774
Accumulated amortisation						
Balance at the beginning of the year	52,525	44,968	97,493	52,525	37,284	89,809
Amortisation charge	-	-	-	-	7,684	7,684
Balance at the end of the year	52,525	44,968	97,493	52,525	44,968	97,493
Net book amount	68,281	-	68,281	68,281	-	68,281

- (b) Company

Cost	31 March 2023			31 March 2022		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
Balance at the beginning of the year	-	32,217	32,217	-	32,217	32,217
Balance at the end of the year	-	32,217	32,217	-	32,217	32,217
Accumulated amortisation						
Balance at the beginning of the year	-	32,217	32,217	-	31,358	31,358
Amortisation charge	-	-	-	-	859	859
Balance at the end of the year	-	32,217	32,217	-	32,217	32,217
Net book amount	-	-	-	-	-	-

Goodwill arising on consolidation of subsidiaries is as follows;

Year	Subsidiary Company	Goodwill on consolidation
1994/95	ACL Plastics PLC	6,090
1995/96	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	26,035
1997/98	Ceylon Bulbs and Electricals Limited	459
2004/05	ACL Kelani Magnet Wire (Private) Limited	917
2006/07	Ceylon Bulbs and Electricals Limited	5,441
2007/08	Ceylon Bulbs and Electricals Limited	2
2019/20	Cable Solutions (Private) Limited	81,862
		120,806

Impairment of goodwill

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

The recoverable amount of all Cash Generating Units (CGUs) have been determined based on the fair value less cost to sell or Value In Use (VIU) calculation.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

Gross Margins

The basis used to determine the value assigned to the budgeted gross margins, is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Inflation

The basis used to determine the value assigned to the budgeted cost inflation is the inflation rate based on projected economic conditions.

Discount Rate

The discount rate used is the risk free pre-tax discount rate, adjusted by the addition of an appropriate risk premium.

Volume Growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately subsequent to the budgeted year based on industry growth rates.

Cash flows beyond the five year period has been extrapolated using a zero growth rate.

In the light of current operational and economic conditions, the Group has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of CGUs exceed its carrying value. Hence, there is no impairment of goodwill as at the reporting date.

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

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

16 Leases

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

(i) Amounts recognised in the statement of financial position

	Group		Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Right-of-use assets				
Land	19,461	25,629	-	-
Buildings	2,232	3,125	-	-
	21,693	28,754	-	-
Lease liabilities				
Current	8,461	6,981	-	-
Non current	17,870	26,613	-	-
	26,331	33,594	-	-

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

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

	Group		Company	
	31 March 2023	2022	31 March 2023	2022
Depreciation charge of right-of-use assets (Note 6)				
Land	6,180	5,947	-	-
Buildings	893	893	-	-
	7,061	6,840	-	-
Interest expense (Note 8)	3,690	4,721	-	-

The total cash outflow for leases in 2023 of the Group was Rs. 14,456 (Principal payments - Rs. 10,766, Interest payments - Rs. 3,690).

The total cash outflow for leases in 2022 of the Group was Rs. 14,827 (Principal payments - Rs. 10,106, Interest payments - Rs. 4,721).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

As at 31st March	2023	2022
Within 1 year	8,800	7,724
Between 1 and 2 years	9,963	8,800
Between 2 and 5 years	8,119	18,082
	26,882	34,607

17 Investment in subsidiaries

Company	31 March 2023			31 March 2022		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Quoted investments						
ACL Plastics PLC	2,746,969	33,300	1,076,812	2,746,969	33,300	995,090
Kelani Cables PLC	933,756	10,753	250,947	933,756	10,753	271,490
Total investment in quoted companies		44,053	1,327,759		44,053	1,266,579
Unquoted investments						
Ceylon Bulbs and Electricals Limited	1,051,345	58,515		1,051,345	58,515	
Lanka Olex Cables (Private) Limited						
"A" Class ordinary shares	99			99		
"B" Class ordinary shares	3,065,610	291,180		3,065,610	291,180	
Preference shares	161,818			161,818		
ACL Kelani Magnet Wire (Private) Limited	11,950,000	119,500		11,950,000	119,500	
ACL Metals and Alloys (Private) Limited	2,500,000	25,000		2,500,000	25,000	
Ceylon Copper (Private) Limited	3,000,001	30,000		3,000,001	30,000	
ACL Electric (Private) Limited	10,000,001	100,000		10,000,001	100,000	
Cable Solutions (Private) Limited	581,400	379,396		581,400	379,396	
Total investment in unquoted companies		1,003,591			1,003,591	
Total cost of investments in subsidiaries		1,047,644			1,047,644	

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

Summarised financial information in respect of ACL Cables PLC's subsidiaries that have material non-controlling interest, reflecting amount before inter Company eliminations, is set out below.

The significant figures extracted from the financials of	Kelani Cables PLC		ACL Plastics PLC		Cable Solutions Pvt Ltd	
	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	11,462,496	15,115,383	2,477,267	2,955,017	3,319,968	1,905,075
Profit before tax	3,535,610	2,597,928	870,652	844,496	645,373	285,862
Cash flows from operating activities	551,978	3,771,505	115,505	515,957	115,505	203,833
Cash flows from investing activities	(1,466,887)	(1,588,260)	80,003	(8,821)	80,003	(80,327)
Cash flows from financing activities	(296,024)	(515,298)	(240,455)	(47,171)	(240,455)	(301,684)

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The significant figures extracted from the financials of	Kelani Cables PLC		ACL Plastics PLC		Cable Solutions Pvt Ltd	
	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non current assets	1,933,694	1,899,493	374,461	398,575	820,210	529,320
Current assets	9,618,392	9,580,750	2,726,735	2,651,287	1,643,409	1,099,920
Total assets	11,552,086	11,480,243	3,101,196	3,049,862	2,463,619	1,629,240
Non current liabilities	375,851	407,916	90,211	59,047	125,089	193,037
Current liabilities	1,861,837	4,375,606	194,252	720,539	622,022	710,246
Total Liabilities	2,237,688	4,783,522	284,463	779,586	747,110	903,283
Profit / (loss) attributable to NCI	577,626	441,356	220,966	250,917	262,980	116,573
Other Comprehensive income attributable to NCI	(6,435)	7,265	(8,809)	4,656	291,186	140
Non controlling interest %	20.70%	20.70%	34.80%	34.80%	49%	49%

Above figures have been extracted from the audited financial statements of Kelani Cables PLC, ACL Plastics PLC and Cable Solutions Private Limited for the year ended 31st March 2023.

18 Investments accounted for using the equity method

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Investments accounted for using the equity method (at cost)	-	-	345,093	345,093
Balance at the beginning of the year	555,749	401,385	-	-
Share of profit [Note 18(a)]	134,395	153,903	-	-
Share of other comprehensive income [Note 18(a)]	1,112	536	-	-
Share of other comprehensive income related tax [Note 18(a)]	(334)	(75)	-	-
Share of dividend paid	(14,135)	-	-	-
Balance at the end of the year	676,787	555,749	345,093	345,093

During the year 2022/23, Resus Energy PLC issued a scrip dividend of Rs.2.45 per share declared and issued in September 2022.

As at the reporting date Company holds 28,033,101 ordinary shares (2022 - 25,705,718) of Resus Energy PLC.

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

(a) Total comprehensive income from equity accounted investee

	Resus Energy PLC	
	31 March	
	2023	2022
Share of profit	134,395	153,903
Amount recognised in the Statement of profit or loss	134,395	153,903
Other comprehensive (expense) / income for the year	1,112	536
Other comprehensive (expense) / income for the year related tax	(334)	(75)
Total comprehensive income for the year	135,173	154,364

(b) Summarised financial information of equity accounted investee

		Resus Energy PLC 31 March	
		2023	2022
Revenue and profit			
Revenue		995,785	837,909
Profit after tax		413,269	473,255
Other comprehensive income		2,393	1,419
Total comprehensive income		415,662	474,674
Assets and liabilities			
Current Assets		1,232,081	790,548
Non current assets		5,035,824	4,562,798
Current Liabilities		1,922,465	910,132
Non current Liabilities		2,264,299	2,734,269
Net assets		2,081,141	1,708,945
Carrying amount of the investment		676,787	555,749
(c) Quoted fair value of the investment in the associate		378,447	501,262

Above figures have been extracted from the audited financial statements of Resus Energy PLC for the year ended 31st March 2023.

19 Financial assets measured at fair value through other comprehensive income

(a) Movement of financial assets measured at fair value through other comprehensive income

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	546,954	469,885	13,685	12,328
Fair value adjustment	321,592	7,069	20	1,357
Cost of shares purchased	-	70,000	-	-
	868,546	546,954	13,705	13,685

During the year 2021/22 Ceylon Copper Private Limited has invested an additional 109,846 shares of Ethimale Plantations (Pvt) Ltd and the current ownership percentage is 16.84%. (2021/22 16.84%).

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(b) Company

Company	31 March 2023			31 March 2022		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Banking Finance						
Merchant Bank of Sri Lanka PLC	18,379	1,546	62	18,379	1,546	94
Nations Trust Bank PLC	21,772	450	1,393	19,321	450	871
Telecommunication						
Dialog Axiata PLC	390,000	4,143	4,056	390,000	4,143	3,900
Diversified holdings						
John Keells Holdings PLC	25,856	1,430	3,620	25,856	1,430	3,749
Ambeon Holdings PLC	130,700	13,250	4,575	130,700	13,250	5,071
Total investments by the Company		20,819	13,705		20,819	13,685

(c) Group

Group	31 March 2023			31 March 2022		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Quoted investments						
Banking finance and insurance						
Nations Trust Bank PLC	30,230	512	1,935	28,499	512	1,285
DFCC Bank	13	2	1	13	2	1
People's Insurance PLC	585,500	8,782	12,705	585,500	8,782	17,624
Plantation						
Maskeliya Plantations PLC	8,200	375	299	8,200	375	79
Kotagala Plantations PLC	45,000	477	275	45,000	477	189
Diversified holdings						
Hayleys PLC	389,070	2,953	28,013	389,070	2,953	29,919
Unquoted investments						
Plantation						
Ethimale Plantations (Pvt) Ltd	681,315	484,171	811,612	681,315	484,171	484,171
Total investments by subsidiaries		497,272	854,839		497,272	533,268
Total investments by Group		518,091	868,546		518,091	546,954

Valuation inputs and relationships to fair value of investment in Ethimale plantation (pvt) Ltd.

The following table summarises the quantitative information about the significant unobservable inputs used in level 2 fair value measurements.

Significant unobservable valuation inputs	Range of estimates for unobservable inputs	Fair value (Rs.)		Relationship of unobservable inputs to fair value
		31-Mar-23	31-Mar-22	
Price to book value of similar listed entities	0.59 - 2.33	811,612	484,171	Positively correlated

Valuation process

The management determines the fair value of the investment based on Level 2 inputs. The key unobservable input of the valuation is the price to book value of similar listed entities as at 31 March 2023. The management considers the average price to book values of few similar entities that engage in agriculture related business in estimating the fair value of the investment.

- (d) The Group and the Company designated above instruments as financial assets measured at fair value through OCI because the Group intend to hold these instruments for strategic purposes.
- (e) Fair value of the investment is determined based on Level 2 inputs.

20 Inventories

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Raw materials	4,672,727	3,970,023	2,563,936	1,146,184
Work-in-progress	1,631,780	1,237,193	947,794	856,863
Finished goods	5,347,638	3,393,994	3,274,076	1,875,362
Goods in transit	12,328	747,616	-	187,854
Other stocks	391,134	306,166	160,677	141,172
	12,055,607	9,654,992	6,946,483	4,207,436
Provision for obsolete stock [20(a)]	(335,751)	(308,253)	(120,596)	(96,226)
Net book amount	11,719,856	9,346,739	6,825,887	4,111,209

- (a) Provision for obsolete stock

	Group		Company	
	31 March		31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	308,253	221,656	96,226	82,754
Provision charge during the year	27,497	86,597	24,370	13,472
Balance at the end of the year	335,751	308,253	120,596	96,226

Details of inventories that have been pledged as security for borrowings are given in Note 24.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

21 Trade and other receivables

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Trade receivables from non related parties	4,342,198	6,312,866	2,594,857	3,907,045
Provision for impairment of trade receivables [Note 21(a)]	(857,243)	(939,753)	(591,393)	(619,169)
Trade receivables - net	3,484,955	5,373,113	2,003,464	3,287,875
Receivable from related companies [Note 38.14(b)]	-	-	91,163	774,726
Loans receivable from related companies [Note 38.14(c)]	-	-	32,075	32,075
Advances and prepayments	590,138	371,479	22,397	19,517
Other receivables	2,422,980	2,622,020	1,498,220	1,180,079
	6,498,073	8,366,612	3,647,319	5,294,273

Value of book debts of ACL Cables PLC and Kelani Cables PLC have been pledged as security to obtain bank facilities are disclosed in Note 24.1.

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

Other receivables of the Group and Company includes statutory receivables and interest receivables.

Kelani Cables PLC made an advance payment of USD 2,000,000 to Blue Water Resorts Hotel project which was intended to build a resort in Maldives. The company made this initial payment to purchase the land in return for shares from Blue Water Resorts (Private) Limited after the Company is incorporated. During the year, the advance payment made to Blue Water Resort Hotel Project was paid back to the Company since the investment did not materialize.

(a) Impairment of trade and other receivables

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	939,753	754,378	619,169	400,242
Provision (reversal) / charge for the year	(71,766)	197,402	(17,032)	230,955
Debtors written off	(10,744)	(12,027)	(10,744)	(12,027)
Balance at the end of the year	857,243	939,753	591,393	619,169

22 Cash and cash equivalents

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Cash at bank	8,931,266	7,597,246	2,937,041	2,221,173
Cash in hand	1,698	716	452	473
	8,932,964	7,597,962	2,937,493	2,221,646

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Cash at bank and in hand	8,932,964	7,597,962	2,937,493	2,221,646
Bank overdraft (Note 24)	(888,248)	(353,710)	(587,985)	(145,112)
	8,044,714	7,244,252	2,349,508	2,076,534

23 Trade and other payables

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Trade payables	330,289	4,086,940	166,710	866,902
Payables to related parties [Note 38.14 (a)]	6,548	119,655	1,371,050	1,252,467
Loans due to related parties [Note 38.14 (d)]	-	-	968,280	542,594
Accrued expenses and other payables	563,379	878,527	213,215	110,023
	900,216	5,085,122	2,719,254	2,771,985

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

Accrued expenses and other payables of the Group and Company includes statutory payables, unclaimed dividends and accrued expenses.

24 Borrowings

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Long term borrowings (Note 24.1)				
Amount payable after one year	705,712	1,507,284	454,874	956,854
	705,712	1,507,284	454,874	956,854
Short term borrowings (Note 24.1)				
Amount payable within one year	2,687,318	4,504,006	2,255,780	3,200,192
Bank overdraft	888,248	353,710	587,985	145,112
	3,575,566	4,857,716	2,843,764	3,345,304
Total borrowings	4,281,278	6,365,000	3,298,638	4,302,159

Fair value

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

24.1 Borrowings excluding bank overdrafts

(a) Analysed by lenders

Lender	Interest Rate	Group 31 March		Security	Amount (Mn)
		2023	2022		
Standard Chartered Bank	Linked to AWPLR	-	275,000	Stocks and book debts	LKR 250
State Bank of India	Linked to AWPLR	173,322	253,326	Land	
Bank of Ceylon	Linked to AWPLR		34,854	No assets pledged	
DFCC	Linked to AWPLR	131,493	156,147	No assets pledged	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands unless otherwise stated)

		Group 31 March		Security	Amount (Mn)
Lender	Interest Rate	2023	2022		
Peoples Bank	Linked to AWPLR	186,000	450,000	No assets pledged	
DFCC		96,500	153,456	Stocks and book debts	
Sampath Bank		118,339	176,879	Machinery and equipment	
National Development Bank	6.65%	59	7,622	No assets pledged	
Total long-term borrowings		705,712	1,507,284		
Standard Chartered Bank	Linked to AWPLR	1,047,638	1,363,403	Stocks and Book Debts	USD 1.5
				Lien over call	USD 0.6
				account funds	AUD 0.5
Hatton National Bank PLC	Linked to AWPLR	995,000	1,375,000	Demand promissory note	LKR 1,500
Nations Trust Bank PLC	Linked to AWPLR	225,000	484,078	Stocks and Book Debts	-
DFCC	Linked to AWPLR	30,105	10,638	Machinery and solar panels	USD 0.12
					USD 0.13
DFCC	Linked to AWPLR	10,638	6,944	Movable property	USD 0.33
Peoples Bank		144,000	144,000		
Sampath Bank		82,256	-		-
Hatton National Bank PLC	Linked to AWPLR	-	976,892	No assets pledged	-
Bank of Ceylon		34,854	59,750	No assets pledged	-
Vario systems (Pvt) Ltd		117,827	75,548	No assets pledged	-
National Development Bank		-	7,754	No assets pledged	-
Total short-term borrowings		2,687,318	4,504,006		
Total borrowings		3,393,030	6,011,291		

		Company 31 March		Security	Amount (Mn)
Lender	Interest Rate	2023	2022		
Standard Chartered Bank	Linked to AWPLR	-	275,000	Stocks and book debts	LKR 250
DFCC	Linked to AWPLR	131,493	156,147	No assets pledged	
Peoples Bank	Linked to AWPLR	150,000	270,000	No assets pledged	
National Development Bank	6.65%	59	2,381	No assets pledged	
State Bank of India	Linked to AWPLR	173,322	253,326	Land	
Total long-term borrowings		454,874	956,854		
Standard Chartered Bank	Linked to AWPLR	956,000	1,341,114	Lien over call	USD 0.6
				account funds	AUD 0.5
Hatton National Bank PLC	Linked to AWPLR	995,000	1,375,000	Demand promissory note	LKR 1,500
Nations Trust Bank PLC	Linked to AWPLR	225,000	484,078	Stocks and book debts	
Sampath Bank PLC	Linked to AWPLR	79,780	-	Land	
Total short-term borrowings		2,255,780	3,200,192		
Total borrowings		2,710,654	4,157,046		

25 Current income tax liabilities

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	1,299,597	632,723	451,336	257,069
Provision for the current year (Note 9)	2,055,391	1,171,842	714,691	380,846
(Over)/under provision in respect of prior years	(38,714)	(130)	7,588	9,028
Currency translation difference	(15,067)	(2,430)	-	-
Payments made during the year	(978,545)	(502,409)	(174,088)	(195,607)
Balance at the end of the year	2,322,662	1,299,597	999,526	451,336

26 Defined benefit obligations

- (a) The amounts recognised in the statement of financial position are determined as follows:

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	285,467	423,783	130,727	216,007
Current service cost	23,464	(18,191)	9,362	(20,339)
Interest cost	45,392	32,945	21,178	17,928
Actuarial loss/(gain) during the year	57,355	(128,506)	42,254	(67,132)
	411,678	310,031	203,520	146,465
Benefits paid during the year	(29,090)	(24,564)	(15,873)	(15,738)
Foreign currency translation adjustment	4,718	-	-	-
Balance at the end of the year	387,306	285,467	187,646	130,727

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Current service cost	23,464	(18,191)	9,362	(20,339)
Interest cost	45,392	32,945	21,178	17,928
Recognised in Statement of profit or loss (Note 07)	68,856	14,754	30,540	(2,411)

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Actuarial loss/(gain) during the year	57,355	(128,506)	42,254	(67,132)
Recognised in statement of comprehensive income	57,355	(128,506)	42,254	(67,132)

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

As at 31 March 2023, the defined benefit obligation was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary firm, Actuarial & Management Consultants (Private) Limited.

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

	Group / Company 31 March	
	2023	2022
Discount rate	18.00%	16.2%
Salary increment rate	15.0%	10.0%
Retirement age	60 years	60 years

Sensitivity analysis :

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

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(all amounts in Sri Lanka Rupees thousands)

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

	2023				
	Change in one percentage point	Group Financial position- liability	Comprehensive income-(charge) / credit for the year	Company Financial position- liability	Comprehensive income-(charge) / credit for the year
Discount rate	+1	(11,205)	11,205	(13,074)	13,074
	-1	36,630	(36,630)	14,804	(14,804)
Future salary increment rate	+1	37,969	(37,969)	15,331	(15,331)
	-1	(13,129)	13,129	(13,720)	13,720

	2022				
	Change	Group Financial position-liability	Comprehensive income-(charge) / credit for the year	Company Financial position- liability	Comprehensive income-(charge) / credit for the year
Discount rate	+1	(16,367)	16,367	(8,849)	8,849
	-1	18,281	(18,281)	9,944	(9,944)
Future salary increment rate	+1	19,768	(19,768)	10,617	(10,617)
	-1	(17,908)	17,908	(9,549)	9,549

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

Group	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
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31 March 2023

Defined benefit obligation	54,362	42,425	102,224	188,212	387,306
Total	54,362	42,425	102,224	188,212	387,306

31 March 2022

Defined benefit obligation	44,516	38,117	53,212	149,622	285,467
Total	44,516	38,117	53,212	149,622	285,467

Company	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
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31 March 2023

Defined benefit obligation	20,787	7,760	50,471	108,628	187,646
Total	20,787	7,760	50,471	108,628	187,646

31 March 2022

Defined benefit obligation	17,800	6,026	17,931	88,969	130,725
Total	17,800	6,026	17,931	88,969	130,726

27 Deferred income tax liabilities

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 30% (2021/22 - 18%),

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	409,981	434,810	195,633	216,760
Origination/(reversal) of temporary differences recognised in Statement of profit or loss	130,372	(48,430)	48,504	(33,211)
Origination/(reversal) of temporary differences recognised in other comprehensive income	194,795	23,602	49,582	12,084
Balance at the end of the year	735,148	409,981	293,720	195,633

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

- (i) Movement in deferred income tax liability

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	731,969	741,470	347,935	352,139
Origination of temporary differences recognised in Statement of profit or loss	318,937	(9,501)	153,416	(4,204)
Currency translation difference	(5,028)			
Effect on change in tax rates recognised in other comprehensive income	119,790	-	62,258	-
Effect on fair valuation of Financial assets at FVOCI recognised in other comprehensive income	98,232	-	-	-
Balance at the end of the year	1,263,900	731,969	563,609	347,935

- (ii) Movement in deferred income tax asset

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	(321,988)	(306,660)	(152,302)	(135,379)
Reversal of temporary differences recognised in Statement of profit or loss	(188,565)	(38,930)	(104,912)	(29,007)
Origination/(reversal) of temporary differences recognised in other comprehensive income	(18,198)	23,602	(12,676)	12,084
Balance at the end of the year	(528,751)	(321,988)	(269,890)	(152,302)
Deferred income tax liabilities - net	735,148	409,981	293,720	195,633

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Deferred tax related to fair value re-measurement of financial assets measured at fair value through OCI which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated statement of profit or loss with the deferred gain or loss. No deferred tax recognized for Financial assets measured at fair value through OCI.

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

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

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

(i) Composition of deferred income tax liabilities

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Property, plant and equipment	943,898	731,969	475,109	347,935
Investment property	221,100	-	88,500	-
Financial assets at fair value through OCI	98,232	-	-	-
Right-of-use assets	670	-	-	-
	1,263,900	731,969	563,609	347,935

(ii) Composition of deferred income tax assets

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Defined benefit obligations	(113,411)	(50,183)	(56,294)	(23,531)
Lease liabilities	(873)	(830)	-	-
Provision for impairment of inventories	(102,380)	(61,035)	(36,179)	(17,321)
Provision for impairment of trade receivables	(255,797)	(169,292)	(177,418)	(111,450)
Tax losses carried forward	(56,291)	(40,648)	-	-
	(528,751)	(321,988)	(269,890)	(152,302)

28 Financial instruments by category

(a) Financial instruments

Group	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
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31 March 2023

Assets as per the statement of financial position

Financial assets measured at fair value through other comprehensive income (Note 19)	-	868,546	868,546
Trade and other receivables (Note 21) (excluding pre-payments and advances)	5,907,935	-	5,907,935
Cash and bank balances (Note 22)	8,932,964	-	8,932,964
	14,840,899	868,546	15,709,444

	Financial liabilities measured at amortised cost	Total
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31 March 2023

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities) (Note 23)	876,553	876,553
Lease liabilities (Note 16)	26,331	26,331
Other borrowed funds (Note 24)	4,281,278	4,281,278
	5,184,161	5,184,161

Company	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
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31 March 2023

Assets as per the statement of financial position

Financial assets measured at Fair value through other comprehensive income (Note 19)	-	13,705	13,705
Trade and other receivables (excluding pre-payments and advances) (Note 21)	3,624,923	-	3,624,923
Cash and bank balances (Note 22)	2,937,493	-	2,937,493
	6,562,415	13,705	6,576,121

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(all amounts in Sri Lanka Rupees thousands)

	Financial liabilities at amortised cost	Total
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31 March 2023

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities) (Note 23)	2,706,859	2,706,859
Other borrowed funds (Note 24)	3,298,638	3,298,638
	6,005,497	6,005,497

Group	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
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31 March 2022

Assets as per the statement of financial position

Financial assets measured at Fair value through other comprehensive income (Note 19)	-	546,954	546,954
Trade and other receivables (excluding pre-payments and advances) (Note 21)	7,995,133	-	7,995,133
Cash and bank balances (Note 22)	7,597,962	-	7,597,962
	15,593,095	546,954	16,140,049

	Financial assets measured at amortised cost	Total
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31 March 2022

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities) (Note 23)	5,063,242	5,063,242
Lease liabilities (Note 16)	33,594	33,594
Other borrowed funds (Note 24)	6,365,000	6,365,000
	11,461,835	11,461,835

Company	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
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31 March 2022

Assets as per the statement of financial position

Financial assets measured at Fair value through other comprehensive income (Note 19)	-	13,685	13,685
Trade and other receivables (excluding pre-payments and advances) (Note 21)	5,274,756	-	5,274,756
Cash and bank balances (Note 22)	2,221,646	-	2,221,646
	7,496,402	13,685	7,510,087

	Financial assets measured at amortised cost	Total
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31 March 2022

Liabilities as per the statement of financial position

Trade and other payables (excluding statutory liabilities) (Note 23)	2,761,373	2,761,373
Other borrowed funds (Note 24)	4,302,159	4,302,159
	7,063,532	7,063,532

(b) Credit quality by class of financial assets

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

	Group				Company			
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total

31 March 2023

Trade and other receivables (excluding pre-payments and advances)	3,488,354	1,562,337	857,243	5,907,935	1,623,599	1,409,930	591,393	3,624,923
Cash and bank balances	8,932,964	-	-	8,932,964	2,937,493	-	-	2,937,493
	12,421,318	1,562,337	857,243	14,840,899	4,561,092	1,409,930	591,393	6,562,415

31 March 2022

Trade and other receivables (excluding pre-payments and advances)	5,900,891	1,154,489	939,753	7,995,133	3,925,081	730,505	619,169	5,274,755
Cash and bank balances	7,597,962	-	-	7,597,962	2,221,646	-	-	2,221,646
	13,498,853	1,154,489	939,753	15,593,095	6,146,727	730,505	619,169	7,496,401

Cash at bank and short-term bank deposits

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	Group 31 March		Company 31 March	
	2023	2022	2023	2022
AAA(Ika)'	1,397,703	1,232,565	996,935	749,730
AA-(Ika)'	-	5,649,771	-	1,458,571
A+(Ika)'	-	401	-	191
A(Ika)'	7,072,303	713,077	1,901,607	12,399
A-(Ika)'	449,018	-	27,499	-
BBB+(Ika)'	-	1,151	-	-
BBB-(Ika)'	11,000	281	11,000	281
CC(Ika)'	1,240	-	-	-
Total	8,931,266	7,597,246	2,937,041	2,221,173

29 Contingent Liabilities

Company

- (a) The Department of Inland Revenue raised assessments on income tax for the year of assessments 2006/2007, 2007/2008, 2008/2009, 2011/2012, 2012/2013, 2013/2014 and 2014/2015 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted appeals against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act. The matters pertaining to the year of assessments 2006/2007, 2007/2008 and 2008/2009 are referred to the Court of Appeal for their opinion. The year of assessment 2011/2012 is pending before the Tax Appeal Commission for their determination. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006. On the date of 16th March 2022, the decision of the court of Appeal was made in favour of the Company.
- (b) The Company has issued corporate guarantees to secure the banking facilities obtained by the following Companies from Standard Chartered Bank.
- ACL Metals and Alloys (Private) Limited amounting LKR. 1,500 million
 - ACL Electric (Private) Limited amounting to LKR 500 million
 - Ceylon Copper (Private) Limited amounting to LKR 1,900 million
- (c) Bank guarantees amounting to LKR 66 million (USD 197,830.85) have been given to the suppliers as at 31 March 2023. (2022 - LKR 401 million)

Group

- (a) **ACL Metals and Alloys (Private) Limited**
- The Department of Inland Revenue raised assessments on income tax for the year of assessments 2007/2008, 2010/2011, relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted appeals against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act. The court of appeal will take on arguments on the matter stated above and the next hearing date is fixed on 27th July 2023. As there is no independent judgment received as at the reporting date, the Company has not made any provision in the financial statements in relation to this matter.

Bank guarantees amounting to LKR 25 million have been given to suppliers as at 31 March 2023. (2022- 29 million)

- (b) **ACL Polymers (Pvt) Ltd**
- The Department of Inland Revenue raised an assessment on income tax for the year of assessment 2007/2008 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted an appeal against the said assessment within the stipulated time frame in accordance with the Inland Revenue Act. The matter is referred to the Court of Appeal for their opinion. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006.

- (c) **Kelani Cables PLC**
Bank guarantees amounting to LKR 249 million have been given to third parties as at 31 March 2023. (2022 - 183 million)

- (d) **ACL Plastics PLC**
Bank guarantees amounting to LKR 15 million have been given to the suppliers as at 31 March 2023. (2022 - 15 million)

30 Commitments

Financial commitments

Company

- (a) **Letter of Credits**
The Company has no commitment on Letter of Credits as at 31 March 2023. (2022 - 534 million)

There were no other material commitments outstanding as at 31 March 2023. (2022- Nil)

Group

- (a) **Kelani Cables PLC**
Kelani Cables PLC has a commitment on Letter of Credits amounting to LKR 50 million as at 31 March 2023. (2022- 381 million)
- (b) **ACL Plastics PLC**
ACL Plastics PLC has no commitment on Letter of Credits as at 31 March 2023. (2022 - 501 million)
- (c) **ACL Metals and Alloys (Private) Limited**
ACL Metals and Alloys (Private) Limited has no commitment on Letter of Credits as at 31 March 2023. (2022 - 123 million)
- (d) **ACL Electric (Private) Limited**
ACL Electric (Private) Limited has no commitment on Letter of Credits as at 31 March 2023. (2022- 132 million)

Capital commitments

- (a) **Company and Group**
There were no material capital commitments outstanding at the balance sheet date. (2022- Nil)

31 Stated capital

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Number of ordinary shares issued and fully paid				
Balance at the end of the year	239,574,720	239,574,720	239,574,720	239,574,720
Stated capital				
Balance at the beginning of the year	299,488	299,488	299,488	299,488
Balance at the end of the year	299,488	299,488	299,488	299,488

The ordinary shares of ACL Cables PLC are quoted on the Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are eligible for one vote per share at General Meetings of the Company. All shares rank equally with regard to the Company's residual assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

32 Revaluation reserve

(a) Nature and purpose of Capital reserve

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	2,968,432	2,968,657	1,418,683	1,418,683
Deferred tax on effect of change in tax rates	(119,790)	-	(62,258)	-
Prior year error adjustment	-	4,879	-	-
Transfer to retained earnings from revaluation reserve	(4,358)	(5,105)	-	-
Balance at the end of the year	2,844,283	2,968,432	1,356,425	1,418,683

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

	Group 31 March	
	2023	2022
Capital redemption reserve fund	4,435	4,435
Surplus on revaluation of property, plant and equipment	2,839,849	2,963,771
	2,844,283	2,968,432

33 General reserve

(a) Nature and purpose of General reserve

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	1,123,825	1,123,825	680,266	680,266
Balance at the end of the year	1,123,825	1,123,825	680,266	680,266

34 Fair value reserve of financial assets at FVOCI

(a) Nature and purpose of General reserve

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	26,138	21,057	3,853	2,496
Fair value adjustment for financial assets at fair value through other comprehensive income	323,634	5,081	20	1,357
Deferred tax on the fair value adjustment for financial assets at fair value through other comprehensive income	(98,232)	-	-	-
Balance at the end of the year	251,540	26,138	3,873	3,853

35 Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Financial statements of Cable Solutions Private Limited..

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Balance at the beginning of the year	(72,198)	-	-	-
Currency translation difference	303,992	(72,198)	-	-
Balance at the end of the year	231,794	(72,198)	-	-

36 Cash flow information

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

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Profit before tax	9,165,077	6,237,262	3,179,197	1,945,059
Adjustments for:				
Depreciation of property, plant and equipments (Note 12)	400,805	326,519	144,305	136,235
Depreciation of right-of-use assets (Note 16)	7,061	6,840	-	-
Amortisation of intangible assets (Note 15)	-	7,684	-	859
Share of profit from equity accounted investee, net of tax [Note 18(a)]	(134,395)	(153,903)	-	-
Cash dividend from equity investee (Note 18)	14,135	-	-	-
Dividend income (Note 5)	(89,426)	(6,767)	(205,949)	(151,154)
Interest expense (Note 8)	1,393,726	684,947	1,274,594	414,792
Interest income (Note 8)	(1,345,407)	(921,896)	(445,955)	(252,993)
Profit on disposal of property, plant and equipment (Note 5)	(13,293)	(351)	-	-
Fair value adjustment to investment properties (Note 14)	(72,600)	(84,350)	(40,600)	(44,850)
Defined benefit obligations [Note 26(b)]	68,856	14,754	30,540	(2,411)
Adjustment made for lease agreement changes/ write offs	-	(582)	-	(582)
Changes in working capital:				
Increase in inventories	(2,373,117)	(1,444,920)	(2,714,678)	(59,460)
Increase in receivables and prepayments	1,868,539	598,197	1,646,953	(314,886)
Decrease in trade and other payables	(4,184,906)	(1,466,365)	(52,732)	(1,788,309)
Effect of movements in exchange rates	255,994	(90,455)	-	-
Cash generated from operations	4,961,050	3,706,615	2,815,674	(117,700)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

(b) Net debt reconciliation

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

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Net debt				
Cash and cash equivalents	8,932,964	7,597,962	2,937,493	2,221,646
Borrowings – repayable within one year (including overdraft)	3,575,566	4,857,716	2,843,764	3,345,304
Borrowings – repayable after one year	705,712	1,507,284	454,874	956,854
Lease liabilities	26,331	33,594	-	-
Net debt	4,625,355	1,199,368	(361,145)	(2,080,513)
Cash and liquid investments	8,932,964	7,597,962	2,937,493	2,221,646
Gross debt – variable interest rates	4,307,609	6,398,594	3,298,638	4,302,159
Net debt	4,625,355	1,199,368	(361,145)	(2,080,513)

37 Segment information

(a) Business Segment information

	Manufacturing cables	Manufacturing PVC compound	Others		
	2023	2023	2023	2023	2022
Total revenue	30,507,504	2,477,267	3,390,060	36,374,831	44,073,856
Inter-segment sales	(484,604)	(2,353,341)	(3,390,060)	(6,228,005)	(8,745,120)
External sales	30,022,900	123,926	-	30,146,826	35,328,737
Results					
Profit before other income and finance cost	6,450,110	775,430	1,381,228	8,606,767	5,680,456
Other income	371,589	3,125	97,519	472,233	165,954
Finance cost	(134,093)	92,097	(6,322)	(48,319)	236,950
Share of profit of equity accounted investee and gain on bargain purchase (power and energy)	-	-	-	134,395	153,903
Taxation	(1,631,655)	(235,692)	(285,189)	(2,152,537)	(1,123,282)
Profit after taxation	5,055,950	634,960	1,187,236	7,012,540	5,113,979
Assets					
Segment assets	29,840,128	1,910,235	3,420,658	35,171,022	32,679,746
Unallocated assets			940,188	940,188	940,063
Total assets				36,111,210	33,619,809

	Manufacturing cables	Manufacturing PVC compound	Others		
	2023	2023	2023	2023	2022
Liabilities					
Segment liabilities	7,642,455	284,463	700,004	8,626,923	13,456,931
Unallocated liabilities			26,018	26,018	21,829
Total liabilities				8,652,941	13,478,760
Capital expenditure					
Segment capital expenditure	253,852	475	95	254,422	511,546
Total capital expenditure				254,422	511,546
Depreciation and amortisation					
Segment depreciation and amortisation	358,553	18,698	30,615	400,805	334,203
Total depreciation and amortisation				400,805	334,203

(b) **Geographical segment information**

Geographical segment turnover is given in Note 4.

Ceylon Electricity Board accounts for more than 7% of sales from both the Group and the Company's total turnover (2022-20%).

38 Directors' interests in contracts and related party transactions

- 38.1** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company, are also Directors of ACL Plastics PLC which is a 65.2% owned subsidiary of ACL Cables PLC.
- 38.2** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company are also the Directors of Lanka Olex Cables (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC
- 38.3** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company are also the Directors of Kelani Cables PLC which is a 79.3% owned subsidiary of ACL Cables PLC .
- 38.4** Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Kelani Magnet Wire (Private) Limited which is a 93.79% owned subsidiary of ACL Cables PLC.
- 38.5** Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Metals and Alloys (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 38.6** Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Polymers (Private) Limited which is a 65.2% owned subsidiary of ACL Cables PLC.
- 38.7** Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N. C. Madanayake who are Directors of the Company are also the Directors of Ceylon Bulbs and Electricals Limited which is a 95.3% owned subsidiary of ACL Cables PLC.
- 38.8** Mr. U. G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of Ceylon Copper (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 38.9** Mr. U. G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Electric (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(all amounts in Sri Lanka Rupees thousands)

38.10 Mr. U. G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of Cable Solutions (Private) Limited which is a 51% owned subsidiary of ACL Cables PLC.

38.11 Mr. Suren Madanayake who is a Director of the Company is also a Director of S M Lighting (Private) Limited.

38.12 Mr. Suren Madanayake who is a Director of the Company is also a Director of Resus Energy PLC which is a 32.52% owned associate of ACL Cables PLC

38.13 The Company had the following business transactions in the ordinary course of business during the year :

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

		Company 31 March	
	Relationship	2023	2022
Kelani Cables PLC	Subsidiary	307,243	927,320
ACL Metals and Alloys (Private) Limited	Subsidiary	2,261	13,101
ACL Plastics PLC	Subsidiary	3,766	561
Ceylon Copper (Private) Limited	Subsidiary	60,982	15,492
Cable Solutions (Private) Limited	Subsidiary	21,878	36,926
ACL Electric (Private) Limited	Subsidiary	9	-
		396,139	993,399

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

		Company 31 March	
	Relationship	2023	2022
ACL Plastics PLC	Subsidiary	1,581,362	1,496,920
Kelani Cables PLC	Subsidiary	92,238	72,068
Ceylon Bulbs and Electricals Limited	Subsidiary	1,200	1,200
ACL Metals and Alloys (Private) Limited	Subsidiary	224,202	1,077,279
Ceylon Copper (Private) Limited	Subsidiary	2,040,516	2,265,151
Cable Solutions (Private) Limited	Subsidiary	24,647	1,782
ACL Electric (Private) Limited	Subsidiary	1,490,838	1,125,854
		5,455,867	6,040,253

(c) Interest on loans from related parties

		Company 31 March	
	Relationship	2023	2022
Kelani Cables PLC	Subsidiary	136,103	3,778
ACL Metals and Alloys (Private) Limited	Subsidiary	44,184	-
ACL Polymers (Private) Limited	Subsidiary	9,225	2,645
		189,511	6,423

(d) Dividends received from related parties

	Relationship	Company 31 March	
		2023	2022
Kelani Cables PLC	Subsidiary	6,069	19,480
Lanka Olex Cables (Private) Limited	Subsidiary	80,000	73,297
ACL Plastics PLC	Subsidiary	35,717	27,470
Cable Solutions Private Limited	Subsidiary	69,097	45,852
		190,884	166,100

(e) There were no dividend payments to related parties during the year ended 31 March 2023.

(f) Key management compensation

	Group 31 March		Company 31 March	
	2023	2022	2023	2022
Short-term benefits	105,933	96,635	80,431	74,477
Post employment benefits	-	-	-	-
	105,933	96,635	80,431	74,477

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

(a) Payable to related parties

Company	Relationship	Company 31 March	
		2023	2022
Kelani Cables PLC	Subsidiary	55,071	5,522
ACL Metals and Alloys (Private) Limited	Subsidiary	479,094	438,937
ACL Plastics PLC	Subsidiary	395,661	801,019
Ceylon Copper (Private) Limited	Subsidiary	39,218	-
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	212	212
Cables Solutions (Private) Limited	Subsidiary	-	2,177
ACL Polymers Private Limited	Subsidiary	14,392	4,600
ACL Electric (Private) Limited	Subsidiary	387,403	-
		1,371,050	1,252,467

Group		Group 31 March	
		2023	2022
S M Lighting (Private) Limited	Related through KMP	6,548	119,655

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Receivable from related parties

		Company 31 March	
		2023	2022
Kelani Cables PLC	Subsidiary	25,092	113,632
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	50,591	41,531
Ceylon Bulbs and Electricals Limited	Subsidiary	425	933
ACL Metals and Alloys (Private) Limited	Subsidiary	2	2
Ceylon Copper Private Limited	Subsidiary	-	418,513
ACL Electric (Private) Limited	Subsidiary	322	88,798
ACL Plastics PLC	Subsidiary	250	10
Lanka Olex Cables (Private) Limited	Subsidiary	10,366	10,366
Cables Solutions (Private) Limited	Subsidiary	4,114	100,941
		91,163	774,726

(c) Receivable on loans

		Company 31 March	
		2023	2022
ACL Kelani Magnet Wire (Private) Limited	Subsidiary	32,075	32,075
		32,075	32,075

(d) Payable on loans

		Company 31 March	
		2023	2022
Kelani Cables PLC	Subsidiary	475,686	500,000
ACL Plastics PLC	Subsidiary	450,000	-
ACL Polymers (Private) Limited	Subsidiary	42,000	42,000
Lanka Olex Cables (Private) Limited	Subsidiary	594	594
		968,280	542,594

There were no other related parties or related party transactions during the year ended 31 March 2023 other than those disclosed above.

38.15 Interest in related entities

(a) Material Subsidiaries

The group's principal subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. Sri Lanka is the country of incorporation or registration and is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
		2023	2022	2023	2022
ACL Plastics PLC	Colombo	65.20%	65.20%	34.80%	34.80%
Kelani Cables PLC	Kelaniya	79.30%	79.30%	20.70%	20.70%
Ceylon Bulbs and Electricals Limited	Colombo	95.30%	95.30%	4.70%	4.70%
Lanka Olex Cables (Private) Limited	Colombo	100%	100%	-	-
ACL Kelani Magnet Wire (Private) Limited	Colombo	93.79%	93.79%	6.21%	6.21%
ACL Metals and Alloys (Private) Limited	Colombo	100%	100%	-	-
Ceylon Copper (Private) Limited	Colombo	100%	100%	-	-
ACL Electric (Private) Limited	Colombo	100%	100%	-	-
Cable Solutions (Private) Limited	Colombo	51%	51%	49%	49%

(b) Interest in associates

Set out below is the associate of the group as at 31 March 2023 which, in the opinion of the directors, is material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. Sri Lanka is the country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business	Ownership interest held by the Group		Carrying amount	
		2023	2022	2023	2022
RESUS Energy PLC	Colombo	32.52%	32.52%	676,787	555,749

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

39 Going concern

The Group has prepared the financial statements for the year ended 31 March 2023 on the basis that it will continue to operate as a going concern. In determining the basis for preparing the financial statements for the year ended 31 March 2023, the Management has considered the prevailing macroeconomic conditions and the potential negative impact that the current economic conditions could bring to the business operation of the Group. In the process of assessing the appropriateness of the going concern basis, the Management has prepared forecasts on the liquidity and financial strength of the Group, estimates on the performances based on the most likely, worst, and best case scenarios by considering the available market and economic conditions and the available resources of the Group. In determining the above, significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including exchange rate volatilities, supply chain disruptions, foreign exchange market limitations and interest rate volatilities have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant. Therefore, the Board is of the view that the Financial Statements for the year ended 31 March 2023 should be prepared and presented as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 Events subsequent to the reporting date

No circumstances have arisen since the reporting date which would require adjustments or disclosures in the Financial Statements other than disclose below,

Interim Dividend

Subsequent to the reporting date, the Board of Directors of the company approved a interim dividend of Rs. 1.25 per share for the year ended 31st March 2023. In accordance with LKAS 10, Events after the reporting period, the interim dividend has not been recognized as a liability in the financial statements as at 31 March 2023.

41 Impact From Rapid Change In Macro Economic Factors

Current Economic Condition of the Country

During the first half of 2022 all key sectors contracted, amid shortages of inputs and supply chain disruptions with the economic crisis. Year-on-year headline inflation reached an unprecedented 69.8 percent in September 2022, due largely to high food inflation of 94.9 percent. This reflects the impact of rising global commodity prices, monetization of the fiscal deficit and currency depreciation. From October 2022 onwards the year-on-year headline inflation rate started to drop slightly whereas in March 2023 the year-on-year inflation rate is 50.3 percent. The outlook for the global economy took a positive turn in the first half of 2023 as inflationary pressures began to ease, but ongoing political tensions and domestic challenges in key markets are slowing any return to sustained growth of the business. Further, global energy prices returning to levels last seen prior to the invasion of Ukraine, combined with easing commodity and food prices, have helped put further downward pressure on inflation for the rest of 2023.

Impact on Business Operations

The Management assessed the current economic conditions, in preparation of financial statements and is of the view that Company has appropriate processes in place to identify and take necessary actions to minimise any unfavorable business impact. Lack of foreign exchange liquidity in the banking sector has resulted in delayed foreign supplier payments whether for capital or consumable goods creating challenges in sustaining the smooth business operations. However, Company has taken necessary measures to face such challenges to ensure continuous operations

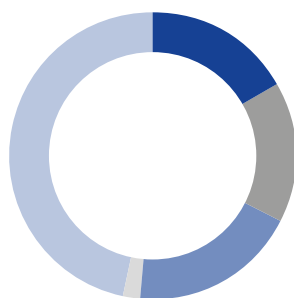
As per the accounting policies, the Company reviewed the carrying values of property, plant and equipment, intangible assets, inventory, trade and other receivables as at the reporting date, especially the impact the current economic condition could have on these assets and determined that no impairment is necessary. Further, the Company also reviewed the medium term business plans and is satisfied that necessary procedures are in place to mitigate any adverse impact on the operations and to safeguard assets.

Hence, the Board of Directors, is of the view that the economic conditions in the country have not significantly impacted Company performance for the year under review. The Board is satisfied that the Company has business plans with adequate resources to continue the business and mitigate the risks for the next 12 months from the date of approval of these financial statements.

STATEMENT OF VALUE ADDED - GROUP

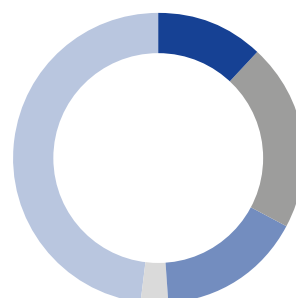
	2023		2022	
	Rs. '000		Rs. '000	
Total revenue		30,146,826		35,328,737
Other operating & interest income		1,952,035		1,241,753
		32,098,861		36,570,489
Cost of material and services bought in		(19,056,123)		(27,349,680)
Total value added by the Group		13,042,738		9,220,809
Value added shared with				
Government of Sri Lanka	17%	2,152,537	12%	1,123,282
(Taxes)				
Employees	16%	2,076,070	21%	1,964,398
(Salaries and other costs)				
Lenders	19%	2,454,566	16%	1,490,000
(Interest on loan capital & minority interest)				
Shareholders	2%	239,575	3%	239,575
(Dividends)				
Retained in the business	47%	6,119,989	48%	4,403,554
(Depreciation & retained profits)				
	100%	13,042,738	100%	9,220,809

2023



- Government of Sri Lanka 17%
- Employees 16%
- Lenders 19%
- Shareholders 2%
- Retained in the business 47%

2022



- Government of Sri Lanka 12%
- Employees 21%
- Lenders 16%
- Shareholders 3%
- Retained in the business 48%

INFORMATION TO SHAREHOLDERS

(a) Distribution of shareholders as at 31 March 2023

Share range	Number of Shareholders	Number of ordinary shares	% of holding
01 to 1,000	5,013	1,569,719	0.66
1,001 to 10,000	2,670	10,037,731	4.19
10,001 to 100,000	811	23,376,144	9.76
100,001 to 1,000,000	106	29,496,761	12.31
Over 1,000,000	10	175,094,365	73.09
Total	8,610	239,574,720	100.00

(b) Analysis report of shareholders as at 31 March 2023

	Number of shares	% of holding
Institutional	46,766,314	19.52
Individuals	192,808,406	80.48
Total	239,574,720	100.00

(c) Market and other information

	31 March 2023	31 March 2022
Company		
a) Earnings per share (LKR)	10.05	6.63
b) Dividends per share (LKR)	1.00	1.00
c) Net assets value per share (LKR)	41.90	33.23
d) Market value per share		
- Highest value (LKR)	124.50	114.75
- Lowest value (LKR)	33.00	35.50
- Value as at the end of financial year (LKR)	82.30	57.00
e) Number of trades	125,054	108,925
f) Total number of shares traded	139,269,359	222,669,200
g) Total turnover (LKR)	10,851,454,705	16,070,628,198
h) Percentage of shares held by the public	37.34%	37.34%
i) Number of public shareholders	8,606	6,801
j) Market capitalisation	19,716,999,456	13,655,759,040

	31 March 2023	31 March 2022
Float adjusted market capitalisation	7,361,559,866	5,098,528,704

The Company complies with option 3 of the Listing Rules 7.14.1 (a) - Rs.5.0 billion Float adjusted Market Capitalization which required 7.5% minimum public holding.

Consolidated

	31 March 2023	31 March 2022
a) Earnings per share (LKR)	24.84	17.97
b) Net assets value per share (LKR)	98.11	72.71

(d) Twenty largest share holders list as at

Share Holder Name		31 March 2023		31 March 2022	
		No. Shares	%	No. Shares	%
1	Mr. U. G. Madanayake	91,388,864	38.15	91,388,864	38.15
2	Mr. Suren Madanayake	53,209,584	22.21	53,209,584	22.21
3	Employees Provident Fund	11,814,864	4.93	11,814,864	4.93
4	Sri Lanka Insurance Corporation LTD-Life Fund	5,720,363	2.39	4,755,602	1.99
5	Mrs. N.C. Madanayake	4,128,400	1.72	4,128,400	1.72
6	FAB Foods (Private) Ltd	3,070,080	1.28	3,070,080	1.28
7	National Savings Bank	1,594,338	0.67	-	-
8	Perera R.D.M.	1,403,728	0.59	1,403,728	0.59
9	Selliah A & Selliah S	1,400,000	0.58	1,400,000	0.58
10	Sir Cyril De Zoysa Trust	1,364,144	0.57	1,364,144	0.57
11	Arunodhaya (Private) Limited	1,000,000	0.42	1,000,000	0.42
12	Arunodhaya Industries (Private) Limited	1,000,000	0.42	1,000,000	0.42
13	Arunodhaya Investments (Private) Limited	1,000,000	0.42	1,000,000	0.42
14	DFCC Bank PLC A/C 2	995,649	0.42	-	-
15	RUBBER INVESTMENT TRUST LTD A/C NO 01	902,835	0.38	-	-
16	Andysel Private Limited	800,000	0.33	800,000	0.33
17	KAILASAPILLAI A.	800,000	0.33	-	-
18	Weerasignhe A.S	720,288	0.30	-	-
19	AMANA BANK PLC/HI-LINE TRADING PVT LTD	704,135	0.29	-	-
20	Acuity Partners (PVT) Limited/ MR. Elayathamby	700,700	0.29	-	-

DECADE AT A GLANCE - GROUP

Trading Results	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
Year Ended	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000

Turnover	30,146,826	35,328,737	22,619,123	18,682,254	18,183,298	16,251,907	14,669,735	12,811,224	14,427,236	11,446,862
Profit before tax	9,165,077	6,237,262	1,941,685	1,302,993	874,513	1,057,249	1,764,563	1,695,622	1,254,738	687,625
Taxation	(2,152,537)	(1,123,282)	(187,963)	(278,750)	(250,254)	(294,513)	(509,124)	(426,394)	(300,651)	(176,412)
Profit after tax	7,012,540	5,113,980	1,753,722	1,024,243	624,259	762,736	1,255,439	1,269,228	954,087	511,213

Balance Sheet	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
As At	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000

Stated capital	299,488	299,488	299,488	299,488	299,488	299,488	299,488	299,488	299,488	299,488
Capital reserve	2,844,283	2,968,432	2,968,657	2,270,744	2,274,026	2,277,718	1,790,589	1,875,347	1,818,019	1,357,957
Foreign currency translation reserve	231,794	(72,198)								
Revenue reserve	20,124,615	14,221,106	10,064,788	8,667,049	7,967,259	7,751,398	7,241,173	6,270,421	5,272,516	4,442,265
	23,500,180	17,416,828	13,332,933	11,237,281	10,540,773	10,328,603	9,331,250	8,445,256	7,390,023	6,099,710

Non-controlling interests	3,958,088	2,724,218	1,947,135	1,696,178	1,284,316	1,245,074	1,135,318	1,026,303	870,373	745,123
Non-current liabilities	1,846,035	2,229,345	1,982,503	2,033,584	1,108,572	1,225,767	718,334	1,377,423	1,786,010	516,034
	29,304,305	22,370,392	17,262,571	14,967,043	12,933,661	12,799,444	11,184,902	10,848,982	10,046,406	7,360,867

Property, plant & equipment	5,604,193	5,483,037	5,449,766	4,761,445	4,491,089	4,151,266	3,347,709	3,466,497	3,535,210	2,949,216
Leasehold properties - pre-payments	21,693	28,754	36,556	40,520	1,622	1,644	1,666	1,688	1,710	1,732
Capital work in progress	418,816	396,319	244,669	32,517	73,701	97,469	31,678	32,853	64,127	49,764
Intangible assets	68,281	68,281	75,965	88,813	7,050	7,705	9,138	11,487	13,689	14,060
Investment property	1,302,000	1,229,400	1,145,050	782,000	653,000	638,000	538,750	516,000	493,000	317,000
Available for sale financial assets	868,546	546,954	469,885	367,570	373,695	274,488	34,211	31,629	30,145	25,832
Investment in equity accounted investee	676,787	555,749	401,385	312,874	255,792	277,206	275,286	301,503	823,749	-
Deferred tax asset	-	-	-	-	1,957	3,959	1,774	-	-	-
Current assets	27,150,893	25,311,313	19,397,016	17,095,595	15,030,878	13,694,440	12,325,252	11,012,139	11,106,443	8,690,869
Current liabilities	(6,806,905)	(11,249,414)	(9,957,717)	(8,514,293)	(7,955,123)	(6,346,730)	(5,380,561)	(4,524,814)	(6,021,667)	(4,687,606)
Capital employed	29,304,305	22,370,392	17,262,571	14,967,043	12,933,661	12,799,444	11,184,902	10,848,982	10,046,406	7,360,867

Ratios										
Gross profit margin	36.45%	22.45%	16.98%	17.79%	15.21%	16.19%	22.10%	23.86%	17.67%	16.81%
Net profit margin after tax	23.26%	14.48%	7.75%	5.48%	3.40%	4.69%	8.56%	9.91%	6.61%	4.47%
Sales growth	-14.67%	56.19%	21.07%	2.74%	11.88%	10.79%	14.51%	-11.20%	26.04%	11.07%
Profit growth	46.94%	221.23%	49.02%	49.00%	-17.28%	-40.08%	4.07%	35.14%	82.47%	-10.90%
Current ratio	3.99	2.25	1.95	2.01	1.89	2.16	2.29	2.43	1.84	1.85
Net asset per share	98.11	72.71	55.66	107.99	98.73	96.63	87.39	141.00	123.39	101.84
Dividend per share	1.00	1.00	0.75	1.50	1.50	1.50	1.50	2.00	1.00	1.00
Earning per share	24.85	17.97	6.47	7.44	4.67	5.82	9.33	18.26	14.35	7.37
Market value per share	82.30	57.00	35.90	31.10	32.30	41.00	54.50	100.90	76.00	61.00
Price earning ratio	3.31	3.17	5.54	4.18	6.99	7.04	5.84	5.53	5.00	8.28
Dividend cover ratio	24.85	17.97	8.63	4.96	3.08	3.88	6.22	9.13	14.35	7.37
Dividend payout ratio	0.04	0.06	0.12	0.20	0.32	0.26	0.16	0.11	0.07	0.14

REAL ESTATE PORTFOLIO - GROUP

Name of the Owning Company and Location	Land (Acres) Freehold	Buildings (Sq. Ft)	No of Buildings	Net Book Value	
				2023 Rs. 000	2022 Rs. '000
ACL Cables PLC					
Welithotuwa Road, Batakettara, Piliyandala	16.94	255,103	26	1,684,650	1,682,293
Ensalwatta, Madapatha Road, Piliyandala	1.21	-	-	92,500	86,750
AMW Premises, Nagoda, Kaluthara	2.76	-	-	108,500	95,000
Venivelkole Mukalana, Korala Ima, Kahathuduwa	13.02	-	-	181,000	171,250
60, Rodney Street, Colombo 08	-	15,288	1	98,440	102,720
	33.92	270,391	27	2,165,090	2,138,013
Kelani Cables PLC					
Wewelduwa, Kelaniya	6.74	117,107	19	581,294	567,571
Mahena Road, Siyambalape	1.08	35,583	5	119,466	128,620
Cinco Watta, Raja Mawatha, Ekala, Ja-Ela	13.00	-	-	722,000	690,000
	20.59	152,690	24	1,422,760	1,386,191
ACL Plastics PLC					
Temple Road, Ekala, Ja-Ela	3.21	36,579	9	243,800	248,160
Niwasipura, Ekala, Ja-Ela	0.06	1,690	1	15,180	16,080
Suhada Mawatha (Off Samagi Mawatha)	0.13	-	-	10,000	10,000
	3.40	38,269	10	268,980	274,240
ACL Kelani Magnet Wire (Pvt) Ltd					
No.07, Raja Mawatha, Ekala, Ja-Ela	3.53	50,554	7	322,040	329,520
Ceylon Bulbs & Electricals Ltd					
60, Rodney Street, Colombo 08	1.69	24,706	11	939,400	939,400
ACL Metals & Alloys (Pvt) Ltd					
Welithotuwa Road, Batakettara, Piliyandala	-	23,460	1	114,184	117,602
Ceylon Copper (Pvt) Ltd					
Welithotuwa Road, Batakettara, Piliyandala	0.99	7,150	1	85,255	86,690
ACL Electric (Pvt) Ltd					
Miriseatte Estate, Millewa, Moragahahena, Horana	1.51	14,960	1	88,686	91,260
Cable Solution (Pvt) Ltd					
Ranmuthugala Estate, Ranmuthugala, Kadawatha	-	34,216	2	222,444	142,473
Total value of land and buildings - (Note 12 and 14)	65.86	616,396	84	5,628,837	5,505,389

GLOSSARY OF FINANCIAL TERMS

Accounting Policies

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

Amortization

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

AWDR

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

AWPLR

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

Basic Earnings Per Share

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

Borrowings

All interest bearing liabilities.

Capital Employed

Total equity, minority interest and interest bearing borrowings.

Capital Reserves

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

Cash Equivalents

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

Contingent Liability

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

Credit Rating

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

Credit Risk

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

Corporate Governance

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

Current Ratio

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

Debt /Equity

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

Deferred Taxation

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

Dividends

Distribution of profits to holders of equity investment.

Dividend Cover

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

Dividend Yield

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

Derivatives

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

Earnings per Share

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

Effective Tax Rate

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

Equity

Shareholders' funds.

Fair Value

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

Fair Value Through Profit or Loss (FVPL)

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

Financial Asset

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

Financial Instruments

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

Financial Liability

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

Gearing

Proportion of total interest bearing borrowings to capital employed.

Impairment

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

Interest Cover

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

Liquidity Risk

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

Loans and receivables

A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

Market Capitalization

Number of shares in issue multiplied by the market value of a share at the report date.

Market Risk

Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

Net Worth

Total equity less minority interest if any.

Operating Profit

Profit before tax, share of profit of associates and net finance cost.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Related Parties

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

Return on Equity

Profit before tax divided by total equity less minority interest if any.

Return on Total Assets

Profit before tax plus finance cost divided by total average assets.

Revenue Reserves

Reserves considered as being available for distribution and investments.

Segments

Constituent business units grouped in terms of similarity of operations.

Stated Capital

The total amount received by the Company or due and payable to the Company in respect of issue and calls of shares are referred to as stated capital.

Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of material and services bought in.

Working Capital

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Sixty-First Annual General Meeting of ACL Cables PLC will be held at the Auditorium of ACL Cables PLC, No. 60, Rodney Street, Colombo 08 on 21st September 2023 at 10.00 am for the following purposes.

01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 with the report of the Auditors thereon.
02. (a) To re-elect as a Director Mr. Daya Wahalatantiri who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.

(b) To re-elect as a Director Dr. Sivakumar Selliah who retires by rotation being eligible for re-election in terms of Article No. 85 of the Articles of Association.
03. To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by a Shareholder of the Company.
 - (a) That Mr. U. G. Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.
 - (b) That Mrs. N. C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to her.
 - (c) That Mr. Ajit Jayaratne, who has passed the age of 70 years in April 2010, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.
 - (d) That Mr. Hemaka Amarasuriya, who has passed the age of 70 years in November 2013, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.
 - (e) That Mr. Daya Wahalatantiri, who has passed the age of 70 years in January 2019, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.
04. To re-appoint Messrs. PricewaterhouseCoopers, as Auditors of the Company and authorize the Directors to determine their remuneration.

05. To authorize the Directors to determine donations to charities.
06. To consider and if thought fit to pass the following Special Resolution:

Special Resolution 1:

That the following be added as the third paragraph of Rule No. 47 of the Articles of Association of the Company:

A General Meeting of shareholders may be held either-

- (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

07. To consider and if thought fit to pass the following Special Resolution:

Special Resolution 2:

That the following sentence be included immediately after the first paragraph of Rule No. 143 of the Articles of Association of the Company:

Notices to shareholders as aforesaid may be sent electronically via email addresses provided by the shareholder.

BY ORDER OF THE BOARD

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

Date: 28th August 2023

NOTE:

- (a) A Shareholder is entitled to appoint a Proxy to attend and vote in his stead and a FORM OF PROXY is attached to this Report for this purpose. A Proxy need not be a Shareholder of the Company. The instrument appointing a Proxy must be deposited at the Registered Office, No. 60, Rodney Street, Colombo 08, not less than forty eight (48) hours before the time appointed for the Meeting.
- (b) Shareholders are kindly requested to hand-over duly perfected and signed Attendance Slip to the Registration counter.

FORM OF PROXY - ACL CABLES PLC

I/We <full name> of
 being a Shareholder/ Shareholders of the above
 Company hereby appoint or failing him/ her <full name>
 of
 as my/ our Proxy to represent me/us, to speak and vote whether on a show of hands or on a poll for me/us and on my/our behalf
 at the Annual General Meeting of the Company to be held on 21st September 2023 at 10.00 a.m. and at any adjournment thereof.

Ordinary Resolutions as set out in the Notice of Meeting:

	IN FAVOR	NOT IN FAVOR
01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.	☐	☐
02. (a) To re-elect as a Director Mr. Daya Wahalantantiri who retires by rotation being eligible for re-election in terms of Article 85 of the Articles of Association of the Company	☐	☐
(b) To re-elect as a Director Dr. Sivakumar Selliah who retires by rotation being eligible for re-election in terms of Article 85 of the Articles of Association of the Company	☐	☐
03. (a) To re-appoint Mr. U. G. Madanayake who has passed the age of 70 years in May 2006 as a Director of the Company	☐	☐
(b) To re-appoint Mrs. N. C. Madanayake who has passed the age of 70 years in August 2013 as a Director of the Company	☐	☐
(c) To re-appoint Mr. Ajit Jayaratne who has passed the age of 70 years in April 2010	☐	☐
(d) To re-appoint Mr. Hemaka Amarasuriya who has passed the age of 70 years in November 2013	☐	☐
(e) To re-appoint Mr. Daya Wahalantantiri who has passed the age of 70 years in January 2019	☐	☐
04. To re-appoint Messrs. PricewaterhouseCoopers, Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.	☐	☐
05. To authorize the Directors to determine donations to charities.	☐	☐
06. To consider and if thought fit to pass the following Special Resolution:	☐	☐

Special Resolution 1:

That the following be added as the third paragraph of Rule No.47 of the Articles of Association of the Company:

A General Meeting of shareholders may be held either-

(a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or	☐	☐
(b) by means of audio, or audio and visual communication by which all share-holders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.	☐	☐

07. To consider and if thought fit to pass the following Special Resolution:	☐	☐
--	--------------------------	--------------------------

Special Resolution 2:

That the following sentence be included immediately after the first paragraph of Rule No. 143 of the Articles of Association of the Company:

Notices to shareholders as aforesaid may be sent electronically via email addresses provided by the shareholder.	☐	☐
--	--------------------------	--------------------------

Signed this day of 2023

Signature

* INSTRUCTIONS FOR FILLING FORM OF PROXY ARE GIVEN OVER-LEAF

FORM OF PROXY - ACL CABLES PLC

INSTRUCTIONS FOR COMPLETION OF PROXY

The instrument appointing a Proxy shall in the case of an individual be signed by the appointor or by his Attorney and in the case of a Corporation as per its Articles of Association – Companies Act or signed by its Attorney or by an Officer on behalf of the Corporation.

IMPORTANT NOTICE TO SHAREHOLDERS

Consequent to the change of Articles of Association as detailed in the Notice of Meeting in accordance with the digitalization initiative, please provide the following information investor.relations@acl.lk, for future Notices of Meetings to be sent to the e-mail address provided by you.

Full name

Email Address

.....

NIC / Company Registration No.....

CORPORATE INFORMATION

COMPANY NAME

ACL Cables PLC

REGISTRATION NUMBER

PQ 102

REGISTERED OFFICE

60, Rodney Street, Colombo 08

CONTACT DETAILS

Tel : +94 11 7608300

Fax : +94 11 2699503

E-mail : info@acl.lk

: investor.relations@acl.lk

Website : www.acl.lk

BANKERS

Standard Chartered Bank

Hatton National Bank PLC

Nations Trust Bank PLC

National Development Bank PLC

Sampath Bank PLC

Commercial Bank of Ceylon PLC

People's Bank

Hongkong & Shanghai Banking Corporation

Seylan Bank PLC

State Bank of India

DFCC

BOARD OF DIRECTORS

U. G. Madanayake - Chairman

Suren Madanayake - Managing Director

Mrs. N. C. Madanayake

A. M. S. De S. Jayaratne

Hemaka Amarasuriya

D. D. Wahalantiri

P. S. R. Casie Chitty

Dr. Sivakumar Selliah

GROUP CHIEF FINANCIAL OFFICER

Maresh Amarasiri

MBA, FCMA, CGMA, B.Sc (ENG) MIESL

SECRETARIES

Messrs. Corporate Affairs (Private) Limited

68/1, Dawson Street, Colombo 02

AUDITORS

Messrs. PricewaterhouseCoopers

Chartered Accountants

100, Braybrooke Place, Colombo 02

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