STRENGTHENING CONNECTIONS. POWERING PROGRESS

KELANI CABLES PLC | ANNUAL REPORT 2025/26

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STRENGTHENING CONNECTIONS. POWERING PROGRESS

Progress demands more than infrastructure; it demands the strength, reliability, and confidence to keep industries moving, businesses advancing, and communities connected.

At Kelani Cables, we continue to reinforce that foundation. Even amid a demanding operating environment, we responded with discipline and resolve, protecting continuity across our operations and advancing with purpose. This resilience reflects a Company built not merely to withstand disruption, but to overcome it and emerge stronger.

The report you hold is a testament to how we expanded our manufacturing presence across local and international markets, strengthened operational capabilities, and advanced production-line enhancements to support our next phase of growth.

As we look to the future, we know that every cable we manufacture carries more than power, it carries possibility; and by strengthening the connections that drive development, Kelani Cables will continue to power progress across markets, industries, and generations.

KELANI CABLES

ABOUT US

OUR VISION

To become the nation's leading electrical solutions provider

OUR MISSION

Deliver optimum value to our stakeholders through product development, advanced technology, and improved productivity, while creating an open culture within the organisation to harness creativity and innovation to be competitive.

CORE VALUES

- Respect
- Integrity
- Quality
- Family
- Learning

WHO WE ARE

Kelani Cables PLC (the Company) is one of Sri Lanka's leading manufacturers of electrical cables and allied products, recognised for delivering reliable solutions that power the country's homes, industries, businesses, and infrastructure. Over the decades, the Company has established itself as a trusted name synonymous with quality, safety, and performance, supported by strong technical expertise, a skilled workforce, and an unwavering commitment to manufacturing excellence.

WHAT WE DO

The Company manufactures a comprehensive portfolio of electric cables and enamelled winding wires while also distributing a broad range of electrical products and accessories to meet the evolving needs of the market. Combining advanced manufacturing capabilities with rigorous quality assurance processes, Kelani Cables serves a diverse customer base spanning the construction, industrial, utilities, commercial, and residential sectors, delivering solutions that meet both local and international standards.

WHY WE MATTER

Electricity is fundamental to economic and social progress, and Kelani Cables has played an integral role in supporting Sri Lanka's development for more than five decades. From enabling national infrastructure projects to supporting industrial growth and everyday living, the Company's products form part of the backbone of the country's electrical network. Its enduring reputation has been built on product reliability, continuous innovation, customer confidence, and a steadfast commitment to delivering value through locally manufactured solutions.

OUR HERITAGE

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

LOOKING AHEAD

As Sri Lanka continues to modernise its infrastructure and transition towards a more electrified and sustainable future, Kelani Cables remains focused on strengthening its position as the nation's preferred electrical solutions provider. Through continued investment in technology, innovation, operational excellence, product quality, and people, the Company is well positioned to meet the evolving needs of its customers while contributing meaningfully to the country's long-term development and energy aspirations.

Annual Revenue
Rs.20,621Mn

Total Assets
Rs.19,233Mn

Staff strength
522

Share price
Rs.102.50
(End March 2026)

ROE
16.8%

ABOUT THIS REPORT

This Annual Report presents a comprehensive and balanced account of the financial and non-financial performance of Kelani Cables PLC. The report offers insights into the strategic actions undertaken during the current financial year, to drive growth and align performance outcomes with the evolving expectations and priorities of our stakeholders, reflecting the Company's dedication to sustainable long-term value creation.

REPORTING BOUNDARIES

The Report covers the operations of Kelani Cables PLC referred to as the "Company, Company and Investee".

Both the financial and non-financial information in the report present view of the Company and Investee unless otherwise stated.

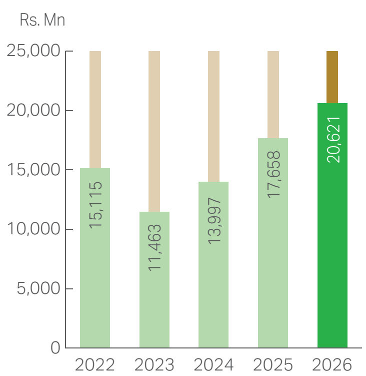
REPORTING PERIOD

The Report follows an annual reporting cycle for both its financial and sustainability reporting and covers the financial period from 1 April 2025 to 31 March 2026.

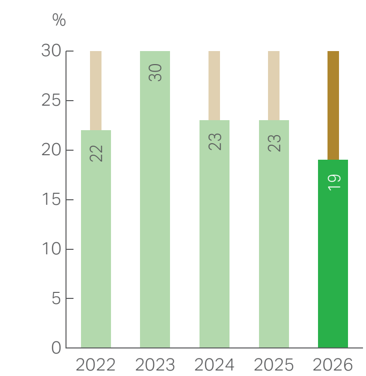
FINANCIAL HIGHLIGHTS - COMPANY & INVESTEE

For the year ended 31 March,		2026	2025
Revenue	Rs. Mn	20,621	17,658
Gross profit	Rs. Mn	3,919	4,135
Profit before tax	Rs. Mn	3,424	3,236
Profit after tax	Rs. Mn	2,399	2,301
Net assets	Rs. Mn	15,312	13,245
Net Assets per Share (Restated)	Rs.	70.24	60.75
Earnings per share (EPS) (Restated)	Rs.	11.00	10.56
Return on Equity (ROE)	%	16.8%	18.9%
Market price per share (at the end)	Rs.	102.50	519.50

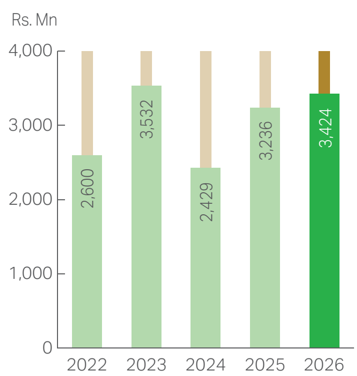
REVENUE



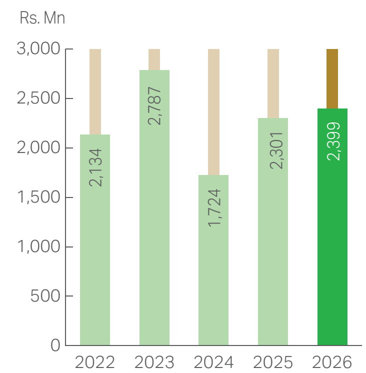
Gross Profit Margin



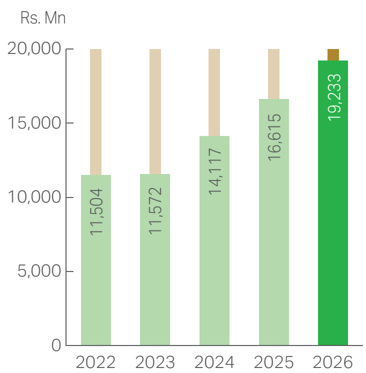
Profit Before Tax



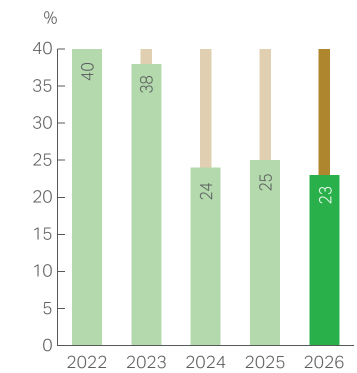
Profit after tax



Total Assets



Return on Investment



REVENUE

Rs.20,621Mn

2024-25: Rs. 17,658 Mn

NET PROFIT

Rs.2,399Mn

2024-25: Rs. 2,301 Mn

EARNINGS PER SHARE

Rs.11.00

2024-25: Rs. 10.56

SYSTEM AND PRODUCT CERTIFICATIONS AND AWARDS

1980

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

1986

SLS 750 Product Certification for All Aluminium Conductors

1994

SLS 412 Product Certification for Auto Cables

2000

ISO 9001 Quality Management System Certification

2004

UL Certification for Enamelled Winding Wires from Underwriters Laboratories of India

2005

CNCI Achiever of Industrial Excellence - Silver Award

Sri Lanka National Quality Awards - under the Large Scale Manufacturing Category - Merit Certificate

Taiki Akimoto 5S Award- All Island 2nd Runner-Up

National Productivity Awards - 2nd Runner-Up and Provincial Productivity Awards - 2nd Runner-Up

2006

Sri Lanka National Quality Awards

CNCI Achiever of Industrial Excellence - Gold Award

Taiki Akimoto 5S Award- All Island 1st Runner-Up

Business Excellence Awards - 2nd Runner-Up - Processing, Manufacturing & Industrial Engineering Sector

2007

Taiki Akimoto 5S Awards - Overall Gold Award winner, Gold Award winner - Manufacturing sector

CNCI Achiever of Industrial Excellence - Gold Award

Business Excellence Awards Processing, Manufacturing, Industrial Engineering - 2nd Runner-Up

National Convention in Quality Circles - Seven trophies received

LMD, the premier Business Magazine, rated Kelani Cables as one of the most valuable brands

Awarded Business Superbrand status voted one of Sri Lanka's strongest brands

The Kelani brand was accredited with the Soorya Sinha Logo

2008

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

2010

National Safety Awards

National Engineering & Technology Exhibition - Silver Award for the stall with the best display of local products.

SLIM Brand Excellence - Award for the Best Entry Kit

Annual Report Awards - Certificate of Compliance in Manufacturing Sector

2011

SLS 1186: Product certification for Armoured Electric Cables having Thermosetting Insulation

ISO 14001: 2004 Environmental Management System Certification

National Cleaner Production Awards - Manufacturing (Large) – Merit Certificate

Annual Report Awards - Certificate of Compliance in Manufacturing Sector

2012

SLIM Brand Excellence Business to Business- B2B Brand of the year, Bronze Award

SLIM Brand Excellence - Best Entry Kit - Gold Award

Annual Report Awards - Certificate of Compliance in Manufacturing Sector

2013

SLIM Brand Excellence B2B Brand of the year category – Gold Award

SLIM Brand Excellence Best Entry Kit - Gold Award

SLITAD People Development Award - Gold Award

National Cleaner Production Awards – Manufacturing (Large) Merit award

SYSTEM AND PRODUCT CERTIFICATIONS AND AWARDS

2014

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

2015

Awarded the Responsible Care® Logo

National Green Award - Silver Award (Private Enterprises)

SLIM Brand Excellence - CSR Brand of the Year - Silver Award

SLIM Brand Excellence - B2B Brand of the Year - Silver Award

Asia's Best Employer Brand Award

Social Dialogue & Work Place Cooperation Award Manufacturing Sector - Bronze Award

Annual Report Awards - Certificate of Compliance in Manufacturing Sector

2016

National Quality Award

Asia's best employer brand award

Best green reporter Gold award in Tier 2 in National Green reporting system

Presidential environmental awards - Bronze award in Metal and mineral processing industries

National HR excellence awards - Silver award

Social dialogue and workplace cooperation awards – Gold award

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

2017

The World Class Global Performance Excellence Awards

National Chamber of Export Awards Industry Sector Gold Award

SLIM brand excellence awards - B2B brand of the year Gold Award

2018

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

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

2019

The World Class Global Performance Excellence Awards

Special award by Sri Lanka Standards Institution in recognition of winning the World Class Global performance excellence Award

SLIM Brand Excellence Awards - B2B Brand of the year Gold Award

SLIM Brand Excellence Awards - CSR Brand of the year Bronze Award

2020

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

SLIM Brand Excellence Awards – Restart Sri Lanka Resilience Award winner

2022

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

2025

Silver Award for Management Excellence in CSR at the IMSL National Management Excellence Awards

Presidential Export Awards – Merit Award Electronics & Electrical products

Certificate of Compliance TAGS Awards 2025

Authorized Economic Operator (AEO) Tier I status awarded by Sri Lanka Customs in 2025

CHAIRMAN'S REVIEW

"Sri Lanka's economic recovery remained resilient during the year, with GDP growth reaching 5.0% in 2025, supported by stronger private consumption, easing inflation and interest rates, and improving macroeconomic stability."

Kelani Cables PLC recorded a strong increase in business activity for its financial year ended 31 March 2026 supported by higher local trading volumes and propelled by a rebound in construction activity while export sales remained a key component; an encouraging signal of continued demand for the Company's products. Revenue increased to Rs. 20.62 Bn from Rs.17.66 Bn, an increase of 16.8%. although accompanied by a significantly higher 23.5% increase in cost of sales. The London Metal Exchange (LME) revealed a steep escalation in copper prices with the average LME copper price increasing by approximately 24% in the second half of the financial year compared with the first half. In addition to this was due to the depreciating Rupee against the US Dollar. Although the exchange rate movement was modest compared to the movement in copper prices, it had a compounded impact on the Company's gross profit and operating profit margins as well as working capital.

	Q1	Q2	Q3	Q4	Q4 vs Q1
Copper (US$/Tonne)	9,519	9,792	11,100	12,852	35.00%
USD/LKR	299.01	301.38	306.01	310.22	3.75%

Gross Profit declined by 5.2% to Rs.3.92 Bn from Rs.4.13 Bn while GP margins contracted to 19.0% from 23.4% respectively. However, despite the Company exhibiting sound operational cost discipline, pressure on gross profits resulted in operating profits declining by approximately 5.5%, to Rs.2.70 Bn from Rs.2.86 Bn.

The Company recognized approximately Rs. 339 Mn gains on unit trusts, together with approximately Rs.222 Mn of net foreign-exchange gain and Rs 144 Mn as interest income from foreign currency deposits while finance expenses declined by 64% which boosted the Company's interest cover capacity and pretax profits increase by 5.66% to Rs.3.42 Bn. For the financial period under review, your Company reported a post-tax profit of Rs. 2.4Bn from Rs. 2.3Bn.

Kelani Cables' financial position remained exceptionally strong. Total assets increased by 15.8% to Rs.19.23 Bn while shareholder equity increased by 15.6% to Rs.15.31 Bn. The 10-for-1 share subdivision in December 2025 was carried out to enhance the liquidity and accessibility of Kelani Cables PLC shares. The subdivision increased the number of issued shares from 21.8 Mn to 218 Mn without changing the Company's stated capital, earnings-generating capacity or underlying shareholder value.

CHAIRMAN'S REVIEW

The Company also generated Rs.1.3Bn of operating cash flow, double the Rs.0.6Bn generated in the previous year, a significant improvement in cash conversion that provides considerable financial flexibility.

ECONOMIC AND INDUSTRY OUTLOOK

Sri Lanka's economic recovery remained resilient during the year, with GDP growth reaching 5.0% in 2025, supported by stronger private consumption, easing inflation and interest rates, and improving macroeconomic stability. The recovery in construction and infrastructure activity is particularly relevant to the electrical and cable industry, with construction activity subsequently recording strong growth of 16.3% in the first quarter of 2026, while electricity, gas and air-conditioning supply grew by 7.5% as per data from the Department of Census and Statistics.

The outlook for domestic cable demand will however remain closely linked to the growth in public infrastructure investment, private construction and industrial activity, as well as developments in household purchasing power and interest rates. Continued investment in the national electricity grid and renewable-energy capacity also presents medium- to long-term growth opportunities for the Company.

At the same time, energy and commodity price volatility, supply-chain disruptions and foreign exchange movements remain key risks, with the potential to increase imported input costs and working-capital requirements. Effective cost management, pricing discipline, and prudent working-capital management will therefore remain important in protecting margins and sustaining growth.

GLOBAL MACROECONOMIC VIEW

Globally, economic growth remained moderate during the year amid geopolitical tensions, trade-policy uncertainty and evolving monetary conditions. However, the outlook for the electrical and cable industry was supported by strong structural investment in electricity grids, renewable energy, electric mobility, data centres and industrial electrification. The continued expansion of these sectors is driving demand for copper and electrical infrastructure, providing favourable long-term fundamentals for cable manufacturers. At the same time, increased demand for copper, together with supply-side constraints and geopolitical disruptions, contributed to significant volatility in copper prices during the year. This environment presents both growth opportunities and cost pressures for the Company, reinforcing the importance of prudent pricing, procurement, inventory and working-capital management.

CONCLUSION

The 2025/26 financial year demonstrated Kelani Cables' financial resilience and liquidity despite significant market volatility in terms of raw material costs and broader market conditions. The Company recorded strong revenue growth, maintained low leverage with limited reliance on debt financing, strengthened cash generation and continued to benefit from a robust asset base comprising substantial deposits and investments, together with a healthy interest coverage position. At every level of the organisation, our team continued to demonstrate commitment, expertise and leadership in driving the Company's performance and growth, for which I extend my sincere appreciation.

While broader macroeconomic conditions influenced exchange rates and procurement costs, our focus going forward will remain on protecting margins, improving working-capital efficiency and generating sustainable operating cash flows. At the same time, we will continue to optimise the deployment and reinvestment of surplus capital, balancing prudent financial management with investments that support the Company's long-term growth and value creation.

APPRECIATION

This performance would not have been possible without the commitment and collective efforts of our people, together with the continued trust and support of our valued stakeholders.

I extend my sincere appreciation to our entire team for their professionalism, expertise and dedication in navigating the challenges of the year and advancing the Company's objectives.

I am equally grateful to our customers, shareholders, business partners, suppliers, distributors and all our stakeholders for their continued confidence in Kelani Cables and the enduring relationships that underpin our success.

I also wish to thank the Board of Directors for their guidance, stewardship and invaluable contribution throughout the year. Their experience and insight have provided strong direction and support as we continue to build on our progress and create sustainable value for all our stakeholders.

Mr. U.G. Madanayake
Chairman

28 August 2026

CHIEF EXECUTIVE OFFICER'S STATEMENT

> For Kelani Cables, powering progress is not only about producing cables. It is about enabling the progress of the economy, supporting businesses and communities, and creating value for the people and stakeholders who depend on us.

NAVIGATING CHANGE, STRENGTHENING RESILIENCE AND CREATING SUSTAINABLE VALUE

It is my privilege to present the Chief Executive Officer's Statement of Kelani Cables PLC for the financial year ended 31 March 2026.

"Strengthening Connections. Powering Progress" captures what we do and what we aspire to achieve. At the heart of our business is a simple but powerful purpose of connecting people, businesses and communities through what we offer. Our connections extend well beyond what we manufacture and encompass the relationships we have built over the years with our customers, suppliers, employees, business partners, shareholders and the communities in which we operate.

The financial year 2025/26 was a year in which these connections were tested and strengthened against a period of considerable economic and market volatility. International commodity prices, particularly copper, increased significantly during the year, while exchange-rate movements and global trade uncertainties continued to influence our cost structure and operating environment. At the same time, Sri Lanka continued its economic recovery, creating a gradually more supportive environment for investment, construction, infrastructure development and industrial activity.

GLOBAL ENVIRONMENT

The global economy remained resilient during 2025 and into early 2026, despite an increasingly uncertain operating environment. According to the World Bank, global growth was estimated at 2.7% in 2025, and projected to moderate to 2.6% in 2026, as some of the factors that supported activity during 2025 are expected to fade.

The period continued to be characterized by heightened trade tensions, evolving tariff policies and elevated policy uncertainty. These developments influenced global trade, investment decisions and business confidence, while businesses continued to adapt their supply chains to changing trade conditions. At the same time, global inflation continued to ease and global financial conditions became more supportive during the second half of 2025.

For Kelani Cables, developments in global commodity markets were of particular significance. Copper, a principal raw material in the manufacturing of cables, experienced a substantial increase in international prices during the financial year. Based on the London Metal Exchange (LME) monthly average prices, the average copper price increased from approximately US$9,192 per metric tonne in April 2025 to US$12,499 per metric tonne in March 2026, representing an increase of approximately 36% over the financial year. This significant movement in a key raw material had implications for procurement costs, inventory valuations and working-capital requirements, while

CHIEF EXECUTIVE OFFICER'S STATEMENT

placing greater emphasis on disciplined pricing, procurement and inventory management. For Kelani Cables, the ability to respond effectively to movements in commodity prices and other external market conditions remained essential to protecting margins and maintaining financial resilience.

Against this backdrop, the Company continued to focus on strengthening its operational capabilities, managing costs prudently and maintaining close engagement with its customers and suppliers. These measures, together with disciplined financial management, enabled Kelani Cables to navigate a volatile international environment while remaining well positioned to participate in the improving demand environment in its key markets.

SRI LANKAN ECONOMIC ENVIRONMENT

Sri Lanka continued to strengthen its economic recovery during 2025, building on the stabilization achieved over the preceding year. Real GDP expanded by 5.0%, marking the second consecutive year of economic growth. The industrial sector grew by 7.8%, Services by 3.3% and Agriculture by 1.4%. The improvement in domestic economic activity was supported by greater macroeconomic stability, easing financial conditions, stronger private-sector credit and improving business and investor confidence.

Most relevant to Kelani Cables was the continued revival of construction and investment activity. The Construction sector expanded by 9.2% in 2025. Previously stalled projects were resumed and there was a gradual strengthening of investment and development activity. Manufacturing also recorded healthy growth of 6.2%, while electricity generation expanded by 9.2%, reflecting a broader improvement in industrial activity. These developments are encouraging for the electrical and cable industry, as construction, infrastructure development, manufacturing, energy and related investment remain important sources of demand for the Company's products.

Domestic demand also strengthened during the year increasing by 6.4%, supported by a 5.3% increase in consumption and stronger investment activity. This provided a constructive backdrop for businesses supplying essential materials to the construction, infrastructure and industrial sectors.

The Central Bank maintained a monetary policy stance, contributing to lower interest rates and a notable expansion in private-sector credit. Improved financial conditions, together with the continued restoration of macroeconomic stability, helped support economic activity and business confidence.

The external environment, however, continued to present challenges. The Sri Lankan Rupee experienced a depreciation against the US Dollar during 2025 while global economic and geopolitical uncertainties remained elevated. For a manufacturer such as us, where imported raw materials and internationally traded commodities form an important component of the cost base, movements in exchange rates and commodity prices continued to require careful management.

Against this backdrop, Kelani Cables remained focused on protecting margins, improving operational efficiency, strengthening cash generation and maintaining close relationships with its customers and markets. The recovery in construction, infrastructure and industrial activity provided a more favourable platform for the Company to participate in Sri Lanka's next phase of economic development.

FINANCIAL PERFORMANCE – PROGRESS THROUGH DISCIPLINE

Kelani Cables delivered a resilient financial performance. Revenue increased by 16.8% to Rs. 20.62 Bn, compared with Rs. 17.66 Bn in the previous financial year. This growth demonstrates the strength of our market position and the continued demand for our products. Our export business also continued to make progress with revenue increasing from approximately Rs. 2.83 Bn to approximately Rs. 3.24 Bn, representing growth of approximately 14.5%. This is particularly encouraging as we continue to strengthen our connections with customers beyond Sri Lanka, build greater international recognition for Kelani Cables while building a more diversified business.

The significant increase in copper prices, however, placed considerable pressure on our cost base. Gross profit declined by approximately 5.2% to Rs. 3.92 Bn, while the gross margin reduced from 23.4% to 19.0%. Despite this pressure, we maintained profitability with our pretax profits increasing by 5.8% to Rs. 3.42 Bn, while profit after tax increased by 4.2% to Rs. 2.40 Bn.

More importantly, the Company made significant progress in its ability to generate cash from its operating activities which increased to approximately Rs. 1.3 Bn from Rs. 0.6 Bn, representing an increase of approximately 117%.

This improvement is particularly significant as it demonstrates our discipline in working-capital management while providing the Company with greater flexibility to invest in future growth.

Our financial position remained strong, with shareholders' equity increasing to approximately Rs. 15.31 Bn. These results demonstrate that even in a period of significant external cost pressures, we were able to protect the financial strength of the Company while continuing to move forward.

We also continued to invest in our manufacturing capabilities. Capital expenditure during the year amounted to approximately Rs. 152 Mn, supporting the maintenance and development of our production infrastructure. At the same time, we continued to focus on quality, safety, employee development, risk management and corporate governance. These areas may not always be immediately visible in the financial results, but they are essential to creating a sustainable and responsible organisation.

OUR PEOPLE – THE CONNECTION BEHIND THE BUSINESS

Ultimately, no strategy can succeed without people. Every cable manufactured by our Company represents the collective contribution of individuals across our organization. Challenges require people to work with greater coordination and responsiveness. Rising input costs, changing market conditions and the need to maintain customer service required decisions to be made efficiently and teams to work together. This collaboration is one of our greatest strengths.

As we move forward, we will continue investing in our people, developing capabilities, encouraging innovation and build a culture in which accountability, teamwork and continuous improvement are embedded in everything we do.

The year ahead will continue to present both opportunities and challenges especially with the geopolitical developments that will impact the greater global and local economy. Our priority will therefore be to strengthen our customer connections, supplier partnerships, develop our people, improve operational efficiency, protect margins, strengthen working-capital management and generate sustainable operating cashflows. We will continue to build a business that is not simply capable of responding to change, but capable of turning change into opportunity.

For Kelani Cables, powering progress is not only about producing cables. It is about enabling the progress of the economy, supporting businesses and communities, and creating value for the people and stakeholders who depend on us.

CONNECTING PEOPLE TO OPPORTUNITY

Since 2007 and 2013, our flagship CSR initiatives, Kelani Saviya and Kelani Shakthi, have been creating avenues for employment and economic empowerment by equipping youth across the country with practical electrical and technical skills.

Our strong partnership with the Faculty of Engineering, University of Peradeniya, the Kelani Saviya Program has trained and certified over 800 electrical technicians, providing young people with industry-relevant skills and greater access to sustainable employment opportunities. Complementing this is our collaboration with the University of Jaffna through the Kelani Shakthi Program, which has certified over 500 electrical technicians in the region.

Beyond technical training, these programs help address the growing demand for skilled talent within the electrical and construction sectors, while enabling young people build livelihoods, support their families and contribute meaningfully to their communities. By investing in skills, knowledge and employability, Kelani Saviya and Kelani Shakthi are strengthening the talent pipeline and contributing to sustainable economic development across the country.

APPRECIATION

I would like to express my sincere appreciation to the Board of Directors for its continued guidance, support and confidence, my gratitude to our customers, suppliers, distributors, business partners, financial institutions and all other stakeholders who continue to place their trust in Kelani Cables. The strength of these relationships is fundamental to our success, and we remain committed to deepening these partnerships in the years ahead. Most importantly, I wish to place on record my appreciation to the entire Kelani Cables team. The progress we achieved during 2025/26 was not the result of any one individual or department. It was the result of people working together, sharing knowledge, solving problems, responding to challenges and remaining committed to a common purpose. As we look ahead, I am confident that the connections we have strengthened will provide the foundation for our next phase of growth.

Dr. Anil Munasinghe
Chief Executive Officer

28 August 2026

BOARD OF DIRECTORS

MR. UPALI MADANAYAKE
Chairman

Mr. U. G. Madanayake had his early education at Ananda College, Colombo. He graduated from the University of Cambridge – England in 1958, and 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 continue to have an active interest in agriculture. With the acquisition of Kelani Cables PLC, by the ACL Group in October 1999, he was appointed as Chaiman of Kelani Cables PLC.

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.

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

MR SUREN MADANAYAKE
Deputy Chairman/Executive Director

Mr. Suren Madanayake has his education at Royal College, Colombo and qualified as Mechanical Engineer from the University of Texas at Austin, USA. When Kelani Cables PLC was acquired by ACL Group 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 was appointed to the Board of ACL Cables PLC in June 1991 and appointed as Managing Director in September 2005.

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

MRS. N.C.MADANAYAKE
Director- Non-Executive

Mrs. N. C. Madanayake was appointed to the Board of Kelani Cables PLC in 1999. She is also a Director of ACL Cables PLC, ACL Plastics PLC, Ceylon Bulbs & Electricals Ltd, Lanka Olex Cables (Pvt) Ltd, and Ceylon Tapioca Ltd.

Mrs. N.C Madanayke is a pioneering Director of Fab Foods (Pvt) Ltd.

MR. DEEPAL SOORIYAARACHCHI

Director-Independent/Non Executive

Mr. Deepal Sooriyaarachchi is a Fellow of the Chartered Institute of Marketing UK and holds an MBA from the University of Sri Jayewardenepura and an Accredited Master Coach and a Master Mentor.

He is a renowned Management Consultant, Speaker Trainer and an Author. He was the Managing Director of AVIVANDB Insurance PLC (now known as AIA Insurance). He is a Past President of the Sri Lanka Institute of Marketing, and a Past Commissioner of Sri Lanka Inventors Commission. He is an alumnus of Postgraduate Institute of Management (PIM), National University of Singapore, Asian Institute of Management and Stanford Business School USA. Mr Sooriyaarachchi was a Non-Executive Director of AIA Insurance Lanka up to 02 August 2026.

Mr. Sooriyaarachchi serves as a Non-Executive Director of Siyapatha Finance PLC, Singer Sri Lanka PLC, Prime Lands Residencies PLC and Panasian Power PLC. He is also a consulting partner of Results Based Leadership Institute USA.

Mr. Sooriyaarachchi was appointed to the Board of Directors of Kelani Cables PLC on 23 December 2019.

MR. YUDHISHTRAN KANAGASABAI

Director – Independent/Non-Executive

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

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

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

Mr. Kanagasabai was appointed to the Board of Directors of Kelani Cables PLC on 23 July 2024.

SENIOR AND MIDDLE MANAGEMENT TEAM

DR. ANIL MUNASINGHE
Chief Executive Officer

MRS. HEMAMALA KARUNASEKARA
Chief Financial Officer

MR. UPUL MAHANAMA
Chief Operations Officer

MR. DEVINDA LORENSUHEWA
Deputy General Manager - Marketing

MR. SAJEEWA DE ZOYSA
Deputy General Manager - Procurement

MR. RALPH RAJASUNDARAM
Deputy General Manager - Sales

MR. ABHAYA RANAWAKA
Deputy General Manager - Engineering

DR. SURANGA PATHIRANA
Deputy General Manager -
Institutional Sales / Training & Development

MR. NAMALKE EKANAYAKE
Plant Manager - Plant 3

MS. SHYAMA PERERA
Manager Technical Operations

MR. KUMARA WITHANARACHCHI
Manager Information Technology

MR. DINUKA CHANDRAKEERTHI
Plant Manager - Plant 1

MR. CHAMINDA WAIDYATHILLAKE
National Sales Manager - Distribution

MR. SAMEERA JAYASEKARA
Group Human Resources Manager

MR. PRADEEP ABEYRATNE
Manager Accounts

MR. NARMAL DE ZYLVA
Manager Stores

MR. SAGARA BALASURIYA
Manager Transport

MR. ROHANA WADDUWAGE
Sales Manager - Power & Energy Sector

SENIOR AND MIDDLE MANAGEMENT TEAM

MR. JALIYA RANAWEERA
Production Manager - Plant 3

MR. CHINTHAKA FERNANDO
Quality Assurance Manager

MR. PRADEEP ROSHANTHA
Production Manager - Plant 2

MR. NISHAD HETTIARACHCHI
Stores Manager

MR. WASANTHA SIRIWARDHANA
Manager Process Control

MR. SANJAYA DALUWATTA
Field Sales Manager

MR. ROSHAN DE SILVA
Sales Manager - Institutional Sales

MR. JOHN FERNANDO
Sales Manager - Exports

MR. DILSHAN DAMITHA
Manager Supplies

MR. CHARITH PERERA

Accountant

MR. SRIPATHI WEKUNAGODA

Sales Manager - Trading

OPERATING ENVIRONMENT

The operating landscape continued to evolve during the year, shaped by a combination of macroeconomic developments, policy reforms, infrastructure activity, and changing market dynamics. As a manufacturer serving the construction, industrial, utilities, and electrical sectors, Kelani Cables remained closely influenced by trends in economic growth, investment, energy demand, commodity prices, and customer sentiment. Against this backdrop, the Company continued to leverage its manufacturing capabilities, market presence, and operational resilience to navigate challenges while capitalising on emerging opportunities in support of its long-term growth objectives.

GLOBAL ECONOMIC PERFORMANCE

Source: World Economic Outlook - April 2026, January 2026

Global Economic Performance

The global economy remained resilient during 2025 despite a challenging operating landscape characterised by persistent geopolitical tensions, elevated trade uncertainty, evolving policy dynamics, and tighter financial conditions. While growth moderated compared to historical trends, easing inflation, resilient labour markets, and stronger-than-expected performance across parts of the services sector and emerging markets helped sustain global economic activity.

Growth moderated but remained resilient

According to the International Monetary Fund (IMF) World Economic Outlook (April 2026), the global economy expanded by 3.4% in 2025. Although growth remained below long-term historical averages, it reflected the economy's ability to withstand headwinds stemming from subdued investment, trade-related disruptions, and lingering policy uncertainty. Advanced economies recorded modest growth amid softer consumer demand and tighter financial conditions, while emerging market and developing economies continued to outperform, supported by stronger domestic demand and services-led expansion.

Inflation continued to ease

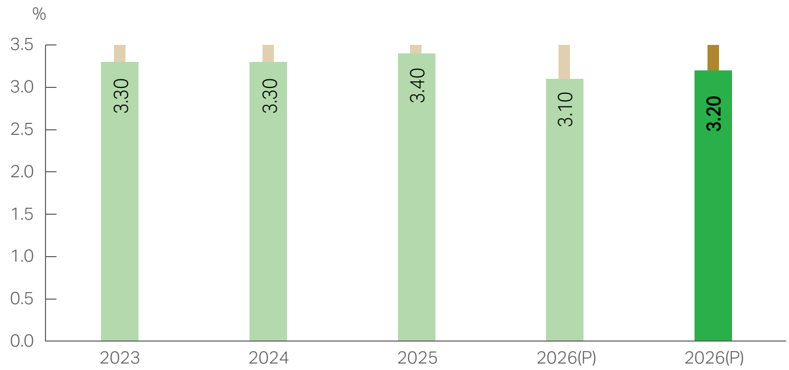
Global inflationary pressures continued to moderate during the year as the effects of restrictive monetary policies, improving supply conditions, and softer commodity prices took hold. This provided greater stability across many economies and supported a gradual improvement in business and consumer confidence, although central banks largely maintained a cautious policy stance.

Risks remained elevated

Despite improving macroeconomic conditions, the global outlook remained subject to significant downside risks. Ongoing geopolitical conflicts, increasing trade protectionism, climate-related events, financial market volatility, and supply chain realignments continued to weigh on global trade and investment flows. These uncertainties underscored the need for businesses to remain agile and resilient in navigating an increasingly complex global environment.

In %	2024	2025	2026 - Projection
World Output	3.3	3.4	3.1
Advanced Economies	1.8	1.9	1.8
Emerging Market and Developing Economies	4.3	4.4	3.9
India	6.5	7.6	6.5
Sub-Saharan Africa	4.1	4.5	4.3

GLOBAL ECONOMY - PERFORMANCE



SRI LANKAN ECONOMY

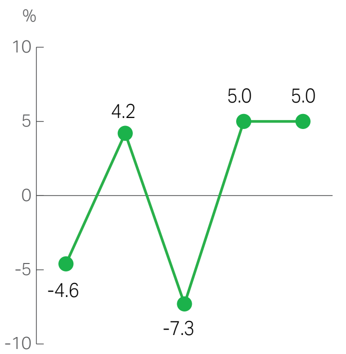
GDP growth

Sri Lankan Economy

Economic recovery gained further momentum: Sri Lanka's economic recovery strengthened during 2025, with real Gross Domestic Product (GDP) expanding by 5.0% despite the disruption caused by Cyclone Ditwah. Growth was broad-based, with the economy recording positive expansion across all four quarters, reflecting improving macroeconomic stability, renewed business activity, and gradually strengthening investor and consumer confidence.

Industry-led expansion: Economic growth was driven primarily by the Industry sector, which benefited from a strong rebound in manufacturing and construction activities as demand recovered and investment gathered pace. The Services sector also delivered a solid performance, supported by continued expansion in financial services and transport-related activities. Meanwhile, the Agriculture sector recorded improved growth compared with the previous year, making a meaningful contribution to the country's overall economic performance despite weather-related challenges.

ANNUAL GDP GROWTH

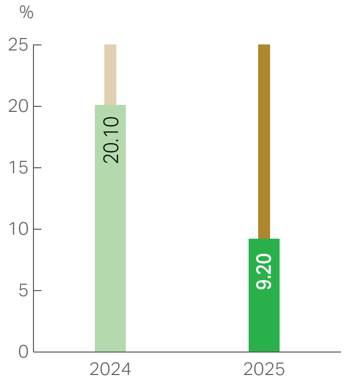


Source: Central Bank of Sri Lanka

Construction sector performance

Construction activity maintained positive momentum during the year, driven by the advancement of ongoing developments and the commencement of new projects. The sector also benefited from the gradual resumption of previously stalled projects, alongside improving investment sentiment and strengthening confidence across the construction industry.

CONSTRUCTION SECTOR GROWTH



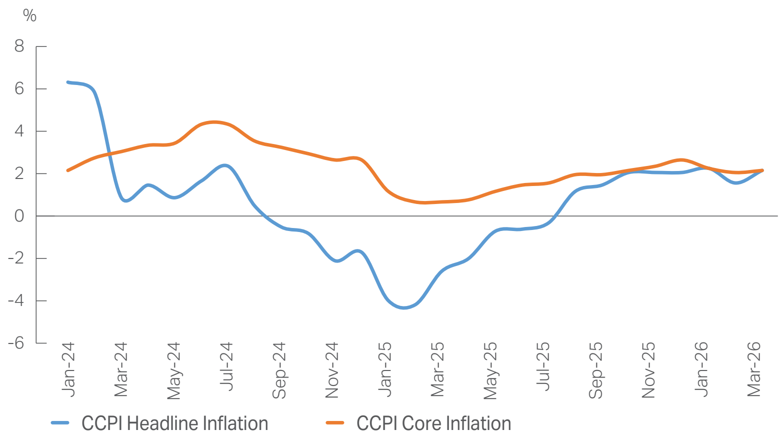
Source: Central Bank of Sri Lanka

Inflation

Inflation remained well contained during the year, reflecting the impact of prudent monetary and fiscal policy measures, together with favourable base effects. The Colombo Consumer Price Index (CCPI) recorded negative inflation during the early part of 2025, largely attributable to VAT-related base adjustments and lower electricity tariffs.

As the year progressed, inflation gradually returned to positive territory, driven by increases in food prices and utility tariffs. By August 2025, the CCPI had normalised and subsequently remained at moderate levels into early 2026, supporting a more stable macroeconomic environment.

INFLATION - YOU PECENTAGE CHANGE



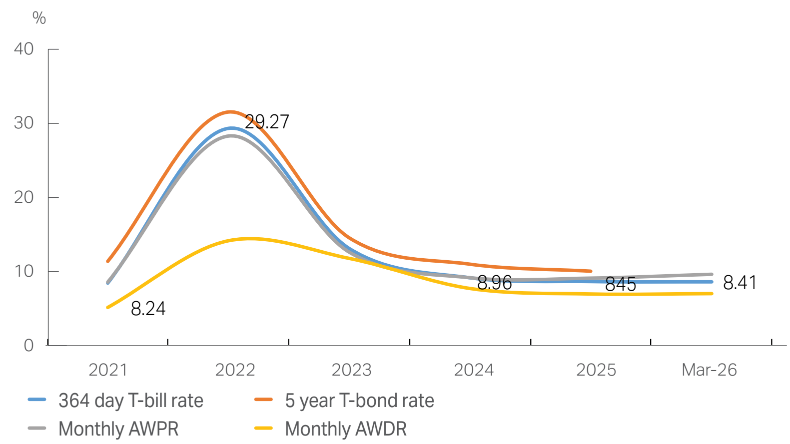
Source: Central Bank of Sri Lanka

Interest rates

Market interest rates continued their downward trajectory during 2025, supported by an accommodative monetary policy stance, subdued inflation, improving sovereign credit fundamentals, and well-anchored inflation expectations. The Central Bank further reduced the Overnight Policy Rate (OPR) during the year, extending the monetary easing cycle that commenced in mid-2023. This contributed to a broad-based decline in lending, deposit, and money market interest rates.

While short-term rates and government securities yields experienced some upward pressure towards the latter part of the year due to temporary liquidity imbalances in the domestic money market, conditions improved as liquidity normalised in early 2026. Consequently, the overall interest rate environment remained considerably more favourable than in previous years, notwithstanding limited volatility towards year-end.

KEY INTEREST RATES



Source: Central Bank of Sri Lanka

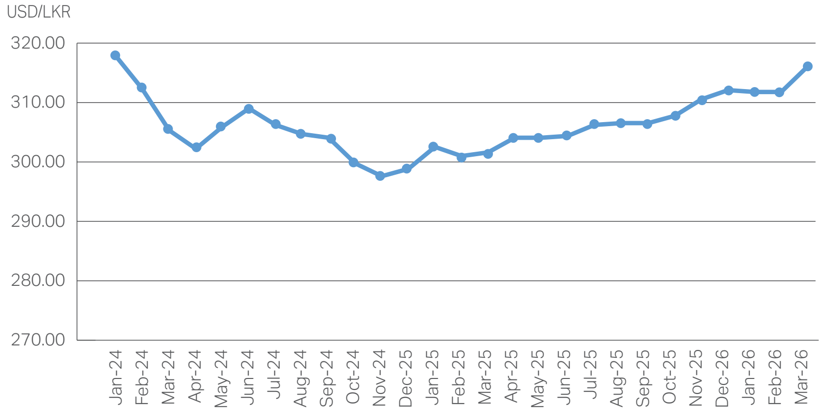
OPERATING ENVIRONMENT

External Sector Performance

Sri Lanka's external position strengthened further in 2025, reflecting the continued restoration of macroeconomic stability. The country recorded its third consecutive current account surplus, supported by resilient foreign currency inflows from workers' remittances and a sustained recovery in tourism and other services exports.

While higher import expenditure resulted in a wider merchandise trade deficit, the strength of external inflows enabled gross official reserves to increase to USD 6.8 billion by year-end despite ongoing external debt servicing. Against this backdrop, the Sri Lankan Rupee depreciated modestly under the flexible exchange rate framework, reflecting orderly market adjustments.

EXCHANGE RATE MOVEMENT USD/LKR



Source: Central Bank of Sri Lanka

How Kelani Cables performed against this backdrop

Kelani cables PLC were resilient to external environment challenges such as Cyclone Ditwah. Meanwhile lower interest environment and stable inflation were contributed to grow the demand in construction sector pave the way to expand the market reach. Kelani Cables PLC's total Revenue increased by 17% during the period due to healthy economic conditions during the year.

Cyclone Ditwah: A Major Climate-Related Disruption

Cyclone Ditwah, which struck Sri Lanka in late November 2025, was one of the country's most severe weather events in over two decades. Widespread flooding and landslides affected all 25 districts, impacting more than 2.2 million people and displacing over 230,000 at the height of the disaster.

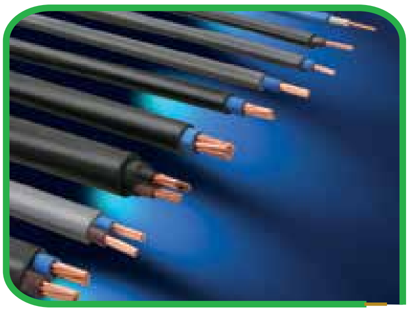
The cyclone caused extensive damage to housing and critical infrastructure, including transport networks, electricity, water supply, and telecommunications, disrupting economic activity and reinforcing the country's vulnerability to increasingly frequent and severe climate-related events.

Impact on Kelani Cables PLC performance

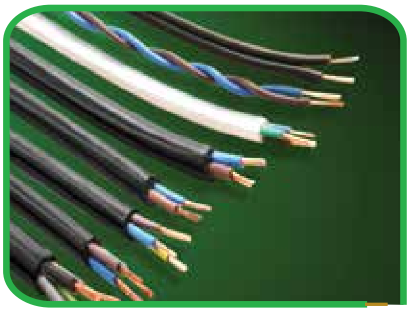
Kelani Cables' manufacturing facilities were not directly affected by Cyclone Ditwah, enabling production operations to continue without material disruption.

The cyclone created temporary disruptions across the broader operating environment, including interruptions to transportation and supply chains, delays in project execution, and softer demand from certain customer segments as recovery efforts took precedence. Despite these challenges, the Company maintained operational continuity and continued to serve its customers through the resilience of its manufacturing network and supply chain management.

PRODUCT PORTFOLIO



HOUSE & BUILDING WIRES



FLEXIBLE CORDS

ARMOURED AND UNARMOURED POWER CABLES

CORE CABLE WITH REDUCED NEUTRAL

CONTROL CABLES

WELDING CABLES

BARE CONDUCTORS

AERIAL BUNDLED CABLES (ABC)

AUTO CABLES

COAXIAL CABLES

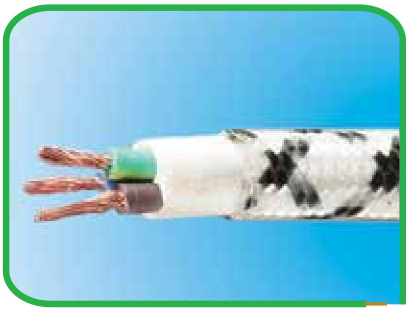
TELEPHONE CABLES

ENAMELLED WINDING WIRES

PRODUCT PORTFOLIO

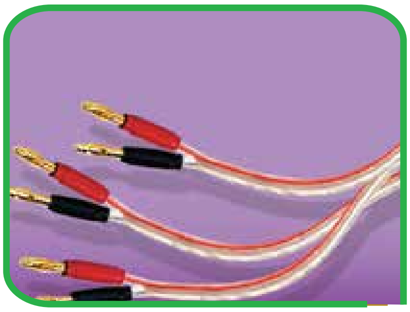
LEAD FREE SUBMERSIBLE PUMP CABLES

SCREENED CABLES



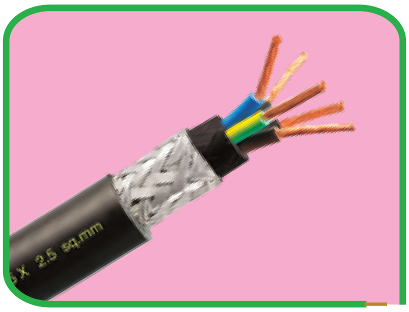
IRON CABLES

CCTV CAMERA CABLES



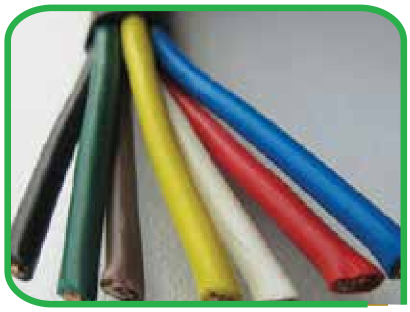
SPEAKER CABLES

ROSETTE TELEPHONE CABLES



SUPER FLEX ARMOURED CABLES

JUMPER/BOOSTER CABLE



TRAILER CABLE

CABLES TO AUSTRALIAN / NEW ZEALAND MARKETS

CABLES TO BANGLADESH MARKET

HAVELLS CAT 6 CABLES

3C-2V JELLY FILLED CABLES

SOLAR CABLES

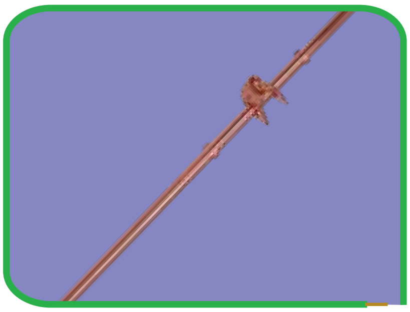
SCHNEIDER SWITCHGEAR

SCHNEIDER SWITCHES RANGE

LIGHTING SOLUTIONS

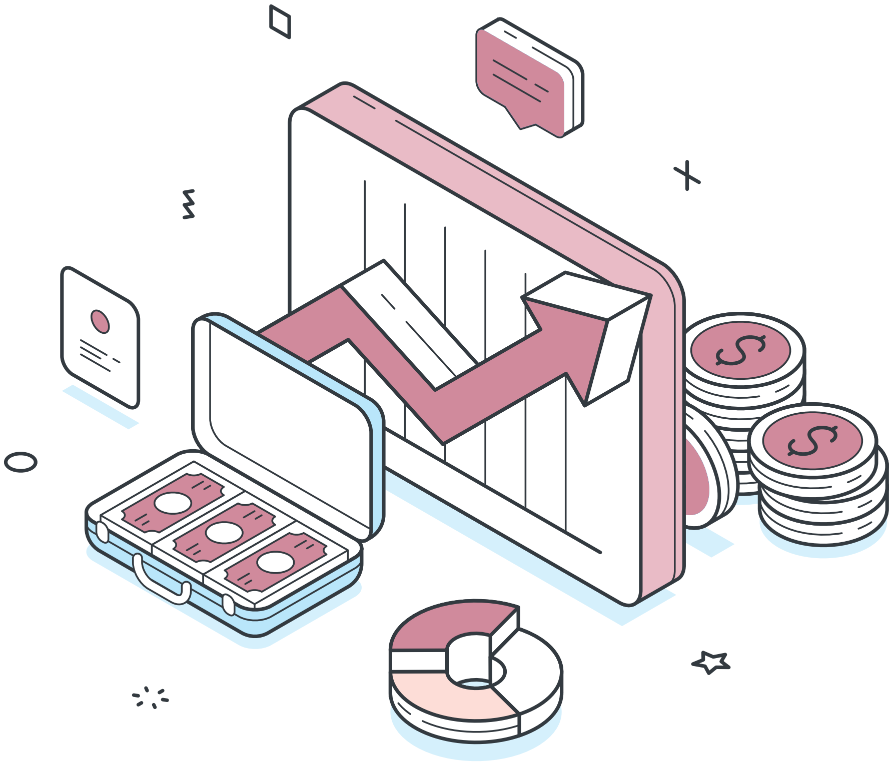
BREEZER CEILING FANS

INSULATION TAPES



EARTH ROD

FINANCIAL CAPITAL



Financial capital underpins the execution of the Kelani Cables strategy by providing the resources required to invest in manufacturing capacity, innovation, technology, and people while maintaining financial resilience.

Financial capital comprises the funds available to Kelani Cables to invest in its operations, strategic priorities, and long-term growth. Disciplined financial management and prudent capital allocation enable the Company to maintain financial resilience while creating sustainable value for stakeholders.

FINANCIAL CAPITAL ADVANCING THE KELANI CABLES STRATEGY

Financial capital underpins the execution of the Kelani Cables strategy by providing the resources required to invest in manufacturing capacity, innovation, technology, and people while maintaining financial resilience. Through prudent capital allocation, disciplined cost management, and effective working capital and liquidity management, we strengthen operational performance, support sustainable growth, and preserve our ability to respond to evolving market opportunities. Our balanced approach to financial stewardship enables us to generate long-term value for shareholders while supporting investments that enhance the Company's competitive advantage.

Profit before tax
Rs.3,424Mn

ROE
16.8%

99%
Total Equity Financing

Rs.11
Earnings per share

KEY CONSTITUENTS OF OUR FINANCIAL CAPITAL

Total shareholder equity - Rs. 15,312 Mn

Long term debt capital - Rs. 14 Mn

Short term debt capital - Rs. 236 Mn

FINANCIAL PERFORMANCE

Revenue

The Company and Investee reported the highest-ever revenue in its history during the financial year 2025/26, at Rs. 20.6 Bn, a 17% growth over the prior year 2024/25. Both local and export revenue reported a notable growth of 17% and 14% respectively.

Administration and Distribution Expenses

Administration expenses for the year was Rs. 0.53 Bn, which was a year-on-year (YoY) increase of 11%, whilst Distribution expenses was Rs.0.82 Bn, reflecting slight YoY decrease of 1%.

Taxation

The Company and Investee tax expense for the year was Rs. 1.02 Bn. This is a 9.7% increase YoY. The Company is subject to the standard corporate income tax rate of 30%.

Gross Profit Margin

During the financial year under review, the Company and Investee reported a Gross Profit of Rs. 3.9 Bn as compared to a Gross Profit of Rs. 4.1 Bn in 2024/25. In 2025/26, Gross profit margin was 19% and compared with a Gross profit margin recorded in 2024/25 of 23% - the decline predominantly attributable to the increase in cost of main raw material in the production process.

Earnings per share (EPS)

The Company and Investee reported an EPS of Rs.11.00 in 2025/26 following the sub-division of shares in December 2025. This is a 4% increase compared to the EPS reported in 2024/25 of Rs.10.56 (Restated). Enhanced revenue during the period under review propelled this EPS growth.

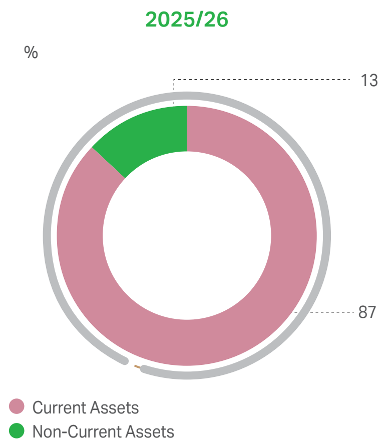
Net Finance Income

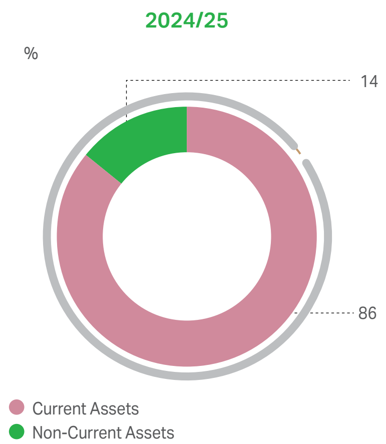
Net Finance income for the financial year 2025/26 netted Rs. 0.72Bn compared to a Net Finance Income recorded in 2024/25 of Rs.0.38Bn. This is a 90% YoY increase mainly driven by increased investments in unit trusts and net foreign exchange gain.

FINANCIAL POSITION

Total Assets

The Company's total assets increased to Rs. 19.23 Bn, reflecting a 16% year-on-year growth and reinforcing Kelani Cables' strong financial position. Growth was principally driven by increased investments in financial assets measured at fair value through profit or loss (FVTPL) and higher trade and other receivables. Current assets increased from Rs. 14.26 Bn to Rs. 16.69 Bn, providing a strong foundation to support operational resilience.





Capital Structure

Kelani Cables maintained a strong and resilient capital structure during the year, with the Company and its investee continuing to be predominantly financed through equity. Total equity increased to Rs. 15.3 Bn as at 31 March 2026, representing a 15.6% YoY increase from Rs. 13.2 billion in the previous year, reflecting the continued strengthening of the Company's capital base. Meanwhile, interest-bearing borrowings classified under non-current liabilities declined to Rs. 0.014 Bn in 2025/26 from Rs. 0.025 Bn in 2024/25, further reinforcing financial resilience.

Liquidity

The Company and its investee maintained a strong liquidity position during the year, with total current assets increasing to Rs. 16.69 Bn from Rs. 14.26 Bn in the previous financial year. The current ratio improved marginally to 5 times from 4.9 times in 2024/25, reflecting the sustained ability to comfortably meet short-term obligations. Similarly, the quick ratio increased to 3.7 times from 3.6 times in the previous year, further demonstrating the strength of the Company's liquidity position and prudent working capital management.

Cash Flow

The Company and its investee generated Rs. 1.3 billion in positive net cash from operating activities during the year, an increase from Rs. 0.6 billion in 2024/25, demonstrating the strength of its underlying cash-generating capability. Net cash used in investing activities amounted to Rs. 1.2 Bn in 2025/26 (in 2024/25: Rs.1 Bn), primarily reflecting investments in unit trusts and other short-term financial assets in line with the Company's treasury and liquidity management strategy.

INTELLECTUAL CAPITAL

Kelani Cables intellectual capital is strengthened through the knowledge, technical expertise, experience and continuous learning of its people, supported by systems that capture and apply organizational knowledge to create value.

Intellectual Capital encompasses the intangible assets that drive long-term value creation, including technical expertise, innovation, digital capabilities, management systems, certifications, and brand equity. These capabilities enable Kelani Cables to enhance operational performance, strengthen customer confidence, and maintain its leadership in the industry.

INTELLECTUAL CAPITAL ADVANCING THE KELANI CABLES STRATEGY

Our intellectual capital underpins the execution of the Kelani Cables strategy by strengthening innovation, operational excellence, product quality, and customer responsiveness. It encompasses the knowledge and expertise of our people, robust processes, digital capabilities, research and development, recognised management systems, and strong brand equity.

By fostering a culture of continuous learning, knowledge sharing, and innovation, we enhance our ability to respond to evolving customer needs and market dynamics while improving operational performance and product excellence. These capabilities strengthen our competitiveness, create differentiated value, and support the sustainable growth of the business.

PRODUCT AND SYSTEM CERTIFICATIONS

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

System Certifications	
Quality management	- ISO 9001:2015
Environmental management	- ISO 14001:2015
Workplace safety	Responsible Care
Product Certifications	
Enamelled wire	Underwriters Laboratories (UL) certified
Auto Cables	SLS 412
Building wires	SLS 733
Copper Armoured cables	SLS 1186
Flexible cords	SLS 1504-2-11
Insulation only cables	SLS 1504-2-31
Electric Fans & regulators	SLS 814
Bayonet lamp holders	SLS 138

Key constituents of our Intellectual Capital

- Brand Equity & Market Leadership
- Digital capabilities
- Manufacturing and operational excellence
- R&D and customer-centric innovation
- Analytics to reduce waste and rework
- Product and system certifications
- Industry collaborations
- Awards and accolades won

BRAND EQUITY & MARKET LEADERSHIP

Building a trusted brand

Over the past 56 years, Kelani Cables has established one of Sri Lanka's most trusted and recognised brands in the electrical industry. Built on a foundation of quality, reliability, innovation, and customer confidence, our brand continues to differentiate us in a competitive market and supports the delivery of our vision of becoming the nation's preferred electrical solutions provider.

Strengthening customer and industry relationships

Our brand-building strategy extends beyond products to creating long-term value for customers and the wider electrical industry. Through targeted marketing campaigns, customer engagement initiatives, and technical support, we continue to strengthen brand visibility and reinforce customer trust across our markets.

Recognising the importance of developing industry capability, we continue to invest in initiatives that enhance the skills, recognition, and employability of electricians. Programmes such as Kelani Saviya, Kelani Shakthi, the Electricians' Club, and knowledge-sharing forums provide technical training, professional development, and networking opportunities, strengthening the industry's capabilities while reinforcing the Kelani Cables brand.

Driving market leadership

Our strong brand equity, broad product portfolio, and commitment to continuous innovation have enabled us to maintain a leading position in the Sri Lankan electrical cable market. By continuously responding to changing customer requirements and market trends, we further strengthen our value proposition and long-term competitiveness.

Recognition for brand excellence

Our commitment to customer satisfaction and service excellence continued to receive industry recognition during the year. Kelani Cables was ranked second in the LMD Customer Excellence Online Survey 2025 in the Building Materials category and fifth in the LMD Building Materials (Electric) Rankings 2025, reflecting the strength of our brand and the confidence placed in us by customers.

DIGITAL CAPABILITIES

Accelerating digital transformation

Digital technology is a key enabler of Kelani Cables' strategy, supporting enhanced customer experiences, data-driven decision-making, and operational excellence. Through the integration of automation, data analytics, the Internet of Things (IoT), and digital solutions, we continue to improve productivity, optimise processes, and strengthen business performance.

Driving operational excellence

Our digital transformation journey is led through the Operational Excellence (OPEX) Programme under the guidance of the Chief Executive Officer. The programme focuses on leveraging technology to streamline operations, improve efficiency, optimise costs, and support continuous improvement across the organisation. During the year, we migrated to the Microsoft 365 Business Productivity Suite and integrated the latest Enterprise Resource Planning (ERP) platform with the Company's management information systems. This has enhanced data integration, strengthened cross-functional collaboration, and established a foundation for greater use of advanced analytics and artificial intelligence in decision-making.

Digital governance and resilience

As digital capabilities continue to evolve, we remain committed to managing information technology and cybersecurity risks. Digital risks are integrated into the Company's enterprise risk management framework, with appropriate controls and mitigation measures in place to support secure, reliable, and resilient digital operations.

Manufacturing and operational excellence

For over five decades, Kelani Cables has built its reputation on manufacturing excellence, operational discipline, and continuous improvement. We continually strengthen our manufacturing capabilities by developing, adopting, and sharing leading manufacturing principles, processes, tools, and practices that enhance efficiency, consistency, and product quality across our operations.

INTELLECTUAL CAPITAL

Driving continuous improvement

Our Manufacturing Excellence Framework provides a structured approach to standardising best practices across business units, establishing common standards, performance measures, and key indicators to evaluate operational effectiveness. Through the systematic classification and prioritisation of time and material losses, we identify improvement opportunities, optimise manufacturing processes, and enhance overall productivity.

Leveraging data and expertise

Data analytics plays an integral role in supporting operational excellence by enabling performance monitoring, benchmarking against established standards, and identifying best practices across the organisation. Dedicated Manufacturing and Operational Excellence teams drive continuous improvements to manufacturing operations, facilities, and process technologies, ensuring our operations remain efficient, innovative, and responsive to evolving business needs.

Delivering quality through operational excellence

Our commitment to manufacturing excellence, standardisation, data-driven decision-making, and continuous improvement enables Kelani Cables to consistently deliver high-quality products and reliable electrical solutions that meet customer expectations.

R&D AND CUSTOMER-CENTRIC INNOVATION

Innovation driven by customer insight

Innovation at Kelani Cables is guided by a deep understanding of customer requirements and evolving market needs. By combining technical expertise with customer insights, we develop reliable, high-quality electrical solutions that meet stringent standards for quality, safety, environmental responsibility, and performance.

Collaborative product development

We view our customers as strategic partners in the innovation process. Through close collaboration and continuous engagement, we gather valuable insights that inform product design, process improvements, and the development of new solutions. This collaborative approach enables us to respond proactively to changing customer expectations while strengthening long-term relationships built on trust and shared value.

Continuous engagement across the product lifecycle

Customer engagement extends throughout the product lifecycle, from concept development and product design to manufacturing, delivery, and after-sales support. Regular feedback, technical discussions, customer surveys, interviews, and other engagement mechanisms provide valuable input for enhancing product quality, improving operational processes, addressing environmental considerations, and ensuring compliance with applicable safety requirements.

Creating sustainable value through innovation

By integrating customer feedback into research, development, and continuous improvement initiatives, Kelani Cables enhances product performance, strengthens customer satisfaction, and delivers solutions that create lasting value for customers while supporting the Company's long-term strategic objectives.

ANALYTICS TO REDUCE WASTE AND REWORK

Kelani Cables harnesses data analytics to improve quality, optimise manufacturing processes, and support continuous improvement. By monitoring production performance and quality trends, we reduce non-conforming products, minimise waste and rework, and improve resource efficiency.

Analytics also enables more effective process control and informed decision-making, contributing to lower quality claims, improved cost efficiency, and enhanced customer satisfaction. These capabilities reinforce our commitment to operational excellence, sustainable manufacturing, and the consistent delivery of high-quality electrical solutions.

INDUSTRY COLLABORATIONS

Kelani Cables actively participates in relevant industry and sector associations to strengthen collaboration, exchange knowledge, and contribute to the advancement of the electrical and manufacturing industries. These engagements enable the Company to share best practices, remain abreast of industry developments, and benefit from collective expertise in support of continuous improvement and sustainable growth.

AWARDS AND ACCOLADES WON

The awards and recognitions received by Kelani Cables reflect our continued focus on quality, innovation, operational excellence, and responsible business practices. They affirm the strength of our capabilities and the confidence placed in our products and brand by customers, industry bodies, and other stakeholders.

During the year, Kelani Cables received the Merit Award in the Electronics & Electronic Products Category at the 27th Presidential Export Awards, organised by the Sri Lanka Export Development Board, recognising our contribution to Sri Lanka's export sector through quality manufacturing and innovation.

The Company also received the Silver Award for Management Excellence in Corporate Social Responsibility at the National Management Excellence Awards 2025, organised by the Institute of Management Services of Sri Lanka (IMSL), recognising our commitment to responsible and sustainable business practices.

NATURAL CAPITAL

Our natural capital initiatives directly support the Kelani Cables strategy by strengthening environmental resilience, and fostering sustainable innovation. Through responsible resource management, energy optimisation, emissions reduction

Natural capital is fundamental to the long-term sustainability of Kelani Cables PLC. As a responsible manufacturer, we are committed to minimising our environmental footprint through the efficient use of energy, water, and raw materials, whilst advancing circularity, reducing emissions, and ensuring compliance with environmental regulations across our operations.

NATURAL CAPITAL ADVANCING THE KELANI CABLES STRATEGY

Our natural capital initiatives directly support the Kelani Cables strategy by improving operational efficiency, strengthening environmental resilience, and fostering sustainable innovation. Through responsible resource management, energy optimisation, emissions reduction, and the development of environmentally responsible products, we continue to create long-term value for our stakeholders whilst contributing to a lower-carbon future.

VALUE ENHANCED DURING THE YEAR

Copper, Aluminium waste
100%
directly recycling

PVC Waste
100%
directed for recycling

Total Solar energy generated
1,323,612 kWh

Waste diverted from disposal
127
Tons

FIVE STRATEGIC FOCUS AREAS OF NATURAL CAPITAL

Focus Area	Our Approach
Responsible Resource Management	Efficient management of key raw materials, water and energy to support uninterrupted operations while optimising resource use.
Environmental Stewardship	Reducing environmental impacts through cleaner production, waste minimisation and resource-efficient manufacturing practices.
Climate and Energy	Improving energy efficiency and increasing the use of renewable energy to support the transition to a lower-carbon future.
Risk and Compliance	Managing environmental risks and ensuring compliance with applicable environmental legislation and internationally recognised standards.
Employee Awareness and Capability	Building employee awareness and accountability to embed responsible environmental practices across the organisation.

NATURAL CAPITAL

KEY INITIATIVES CARRIED OUT DURING THE YEAR

- Certified to ISO 14001 Environmental Management System since 2011, supporting systematic environmental management and resource-efficient, cleaner production.
- Operated solar photovoltaic installations at Kelaniya and Siyambalape, increasing renewable energy use while reducing energy costs.
- Conducted training programmes on energy management, natural resource conservation and environmental responsibilities for employees across all divisions.
- Assessed environmental aspects and impacts across operational processes to identify significant environmental risks and strengthen mitigation measures.
- Evaluated environmental risks, stakeholder requirements, opportunities and controls through the ISO 14001 environmental management framework.
- Integrated environmental risks and mitigation actions into the Company's enterprise risk management process.

Kelani Cables manages materials by promoting the efficient use of raw materials across its manufacturing operations. Material management is integrated into procurement, production, and waste management processes to optimise resource utilisation, minimise material losses, and increase recycling where feasible.

The Company works with approved suppliers to ensure that materials meet quality and regulatory requirements and monitors material consumption and production efficiency through established operational controls and performance reviews. Continuous process improvements support responsible resource use and sustainable manufacturing.

Energy efficiency is integral to Kelani Cables' manufacturing operations and environmental management approach. The Company seeks to optimise energy consumption through efficient production processes, equipment upgrades, and the increased use of renewable energy where feasible. Energy performance is monitored through established operational controls and the ISO 14001 Environmental Management System, enabling the identification and implementation of improvement opportunities. Employee awareness programmes further support the responsible use of energy across the organisation, contributing to operational efficiency, cost management, and reduced environmental impact.

302-1 Energy consumption within the organization

	Unit of measurement	2025/26
Purchased electricity	kWh	5,659,584
Electricity generated within the Company using solar power	kWh	1,323,612
Fuel consumption		
Petrol	Litres	175,007
Diesel[DR1.1]	Litres	221,461

Renewable Energy and Energy Efficiency

Kelani Cables continues to advance energy efficiency and renewable energy adoption as part of its commitment to sustainable manufacturing. Solar photovoltaic installations under the Net Plus scheme contribute renewable electricity to our operations, reducing dependence on conventional energy sources and supporting lower greenhouse gas emissions. Together with ongoing energy efficiency initiatives, these efforts strengthen operational resilience, optimise energy costs, and minimise our environmental impact.

The Company manages water responsibly by monitoring consumption across its manufacturing facilities and office premises, controlling water withdrawal at source, and using recirculated water where practicable. Supported by the ISO 14001 Environmental Management System, the Company continuously seeks to improve water efficiency, manage effluents responsibly, comply with regulatory requirements, and minimise the environmental impacts of its operations.

Water withdrawal

Water withdrawal by source

Source	In m3
Surface water	Nil
Ground water	3,569
Rain water	Nil
Municipal lines	10,494
Add any other[DR1.1]	Nil
Total water withdrawal	14,063

Management Approach – Waste

The Company responsibly handles waste by integrating waste minimisation, resource efficiency, and responsible disposal into its manufacturing operations. Supported by the ISO 14001 Environmental Management System, the Company seeks to reduce waste generation, maximise the recovery and recycling of materials where feasible, ensure compliance with regulatory requirements, and continuously improve waste management practices.

Responsible Material Circularity

Copper and aluminium account for over 70% of Kelani Cables' total product output by weight and can be recycled repeatedly without compromising their properties. To support a circular economy, we encourage project market customers to channel cable waste to authorised recyclers, promoting material recovery and reducing the demand for virgin resources.

Within our operations, waste is managed through segregation, material recovery, and process optimisation to improve material efficiency and minimise landfill disposal. Colour-coded waste segregation facilitates responsible handling, while initiatives such as the use of reusable steel drums in place of wooden drums further support resource conservation and waste reduction.

Climate-Related Risks

Risk	Risk Category	Mitigation Action
Mental and physical stress on employees in workshops and the field due to rising temperatures	Physical - Chronic	Create a properly ventilated work environment
Sea level rise impacts on certain market destinations (Maldives)	Physical - Chronic	Geographic diversification of the market
Upstream and downstream transportation disruption by extreme weather events	Physical - Acute	Moving cargo through alternative routes Holding services temporarily to prevent accidents and to protects people and property
Damage to infrastructure, finished goods, and raw materials due to extreme weather events	Physical - Acute	Build climate-resilient infrastructure
Enforced new stricter climate related laws and regulations	Transition	Anticipate regulatory changes and plan ahead to reduce environmental impact

Environmental Stewardship in Action

Our commitment to natural capital extends beyond operational performance to initiatives that promote circularity, biodiversity conservation, environmental awareness, and community partnerships, creating positive environmental outcomes across our value chain and the communities in which we operate.

Advancing Circularity Through Industrial Symbiosis

Kelani Cables embraces industrial symbiosis by identifying opportunities for waste and by-products from one process to serve as resources for another, supporting more efficient material use and reducing waste sent to landfill.

Key initiatives include:

- PVC process waste directed to 100% recycling.
- XLPE waste dispose in environment friendly manner.
- Ensuring residual waste that cannot be reused or recycled is disposed of through licensed waste management providers in an environmentally responsible manner.

Celebrating World Environment Day

World Environment Day provides an opportunity to reinforce our environmental commitments and encourage wider participation in sustainability initiatives. During the year, employees participated in tree planting programmes, educational activities, and environmental awareness campaigns, while poster and photography competitions helped foster a culture of environmental responsibility across the organisation.

Enhancing Biodiversity Within Our Operations

Kelani Cables continues to enhance the natural environment within its operational footprint through ongoing tree planting initiatives at its Kelaniya and Siyambalape facilities. During the year, 20 trees were planted across both sites to strengthen local green cover, support biodiversity, improve air quality, and contribute to a healthier workplace environment.

Supporting Environmental Stewardship in Our Communities

As part of our commitment to responsible corporate citizenship, Kelani Cables partnered with Kiribathgoda Base Hospital to strengthen its waste management practices by donating colour-coded waste bins to improve waste segregation. The initiative also included enhancements to the pathway leading to the Children's Ward, contributing to a safer and more welcoming environment for patients, visitors, and staff.

SOCIAL AND RELATIONSHIP CAPITAL

Strong stakeholder relationships are fundamental to the successful execution of the Kelani Cables strategy. Through proactive engagement, transparent communication, and long-term partnerships, we strengthen customer loyalty, build resilient supply chains.

Social and relationship capital comprises the relationships, trust, and networks that Kelani Cables has built with customers, suppliers, business partners, regulators, communities, and other stakeholders. These relationships strengthen collaboration, reinforce stakeholder confidence, and support the Company's ability to create sustainable value over the long term.

VALUE ENHANCED DURING THE YEAR

Customer Satisfaction level more than

80%

Total taxes paid to the Government of Sri Lanka

Rs.2,018Mn

Total investment in social empowerment initiatives

Rs.3Mn

SOCIAL AND RELATIONSHIP CAPITAL ADVANCING THE KELANI CABLES STRATEGY

Strong stakeholder relationships are fundamental to the successful execution of the Kelani Cables strategy. Through proactive engagement, transparent communication, and long-term partnerships, we strengthen customer loyalty, build resilient supply chains, foster collaboration across our value chain, and enhance our social licence to operate. By understanding and responding to stakeholder expectations, we reinforce trust, support sustainable business growth, and create shared value for both the Company and the communities in which we operate.

CUSTOMERS

Customers are central to Kelani Cables' long-term success and value creation. We continue to strengthen enduring customer relationships by delivering high-quality products, technical expertise, responsive service, and responsible solutions that meet the evolving needs of diverse market segments.

A diverse and growing customer base

Kelani Cables serves a broad customer base across Sri Lanka and international markets, reflecting the strength of our brand, the quality of our products, and the confidence placed in our technical capabilities.

Strong domestic presence

Our products are available across Sri Lanka through an extensive network of 1,062 distributors and dealers, ensuring convenient access to our products while strengthening customer reach and market penetration.

Expanding international markets

Our commitment to quality, reliability, and innovation has enabled Kelani Cables to establish a growing international presence. During the year, we served 16 export customers across multiple overseas markets, reinforcing our strategy of expanding our global footprint.

Supporting institutional customers

Kelani Cables also serves 1,702 institutional customers, supplying cable solutions for major infrastructure, commercial, industrial, and development projects. Our manufacturing capabilities, technical expertise, and ability to deliver customised solutions enable us to support projects of varying scale and complexity.

These customer segments reflect our ability to deliver value across diverse markets while strengthening long-term customer relationships both locally and internationally.

PRODUCT RESPONSIBILITY

Creating value through responsible products

Product responsibility is embedded throughout the lifecycle of our products and reflects our commitment to balancing customer expectations with environmental, social, and economic considerations. From product design and material selection to manufacturing, customer use, and end-of-life management, we continually seek to deliver products that are safe, reliable, durable, and environmentally responsible.

Our design philosophy emphasises product durability, quality, and performance, reducing the need for premature replacement while supporting efficient resource utilisation. Throughout manufacturing, we optimise material usage, minimise waste, improve energy efficiency, and promote responsible production practices aligned with circular economy principles.

Recognising our responsibility beyond the point of sale, we continue to encourage institutional customers to recycle or responsibly dispose of end-of-life cables, supporting resource recovery and sustainable material management across the value chain.

Safety and quality at the core of our brand

Safety is fundamental to the Kelani Cables brand and underpins our promise of "Safety Forever." Every Kelani product is designed and manufactured to comply with, and where possible exceed, applicable national and international technical and safety standards.

Comprehensive testing is conducted through advanced in-house and independent laboratories to verify product quality, durability, performance, and regulatory compliance before products reach the market. This rigorous quality assurance process reinforces customer confidence while ensuring the consistent delivery of safe and reliable electrical solutions.

Our commitment to continuous improvement is strengthened through regular engagement with customers, electricians, researchers, regulatory authorities, and technical experts. These collaborative relationships enable us to respond to evolving customer needs, anticipate emerging industry developments, and continuously enhance product performance and safety.

Empowering customers through knowledge

We believe that creating value extends beyond supplying quality products to equipping customers with the knowledge required to use them safely and effectively.

Comprehensive product information is provided to support the safe storage, installation, operation, and disposal of our products. Product catalogues are available in Sinhala, Tamil, and English, enabling both technical professionals and individual consumers to access clear and practical guidance.

To further support customers, Kelani Cables provides:

- A 24-hour technical service hotline offering cable selection guidance and technical assistance.
- Product catalogues incorporating recommended current ratings in accordance with IET Wiring Regulations (BS 7671).
- Technical seminars and training programmes for engineers, electricians, and industry professionals.
- Product safety demonstrations and technical educational content through digital platforms.

Through initiatives such as the Kelani Electricians' Club and Winders' Club, we continue to strengthen industry capability by sharing technical knowledge, promoting best practices, and enhancing awareness of electrical safety across the profession.

Certified for quality

Independent product certifications reinforce the quality, safety, and reliability of Kelani Cables' products.

The Company holds multiple certifications from the Sri Lanka Standards Institution (SLSI) covering key product categories including building wires, auto cables, armoured cables, and overhead conductors.

Kelani Cables is also Sri Lanka's pioneer and only manufacturer of enamelled winding wire. Manufactured since 1974, Kelani enamelled winding wire is recognised as an Underwriters Laboratories (UL) Recognized Component, demonstrating its compliance with internationally accepted quality standards and supporting its acceptance in global markets.

SUPPLIERS

Our supplier network at a glance

- 1,005 local suppliers supporting domestic procurement.
- 302 international suppliers providing specialised materials and technologies.
- A diversified sourcing strategy that strengthens quality, resilience, operational efficiency, and innovation.

Strong supplier relationships are fundamental to Kelani Cables' ability to deliver high-quality products, maintain operational excellence, and respond effectively to evolving market requirements. By cultivating long-term partnerships with both local and international suppliers, we strengthen supply chain resilience, enhance manufacturing capability, and create sustainable value across our value chain.

Building a resilient supply chain

Our supplier network combines the strengths of local partnerships with global expertise, providing access to quality raw materials, specialised products, advanced technologies, and reliable support services. This diversified sourcing strategy enhances supply chain resilience, reduces procurement risks, and enables the

Company to respond effectively to changing market conditions.

Strengthening local partnerships

Kelani Cables works closely with 1,005 local suppliers, who form the foundation of our domestic procurement network. These partnerships span the supply of raw materials, components, logistics, and a wide range of operational support services that enable the efficient functioning of our manufacturing operations.

Beyond supporting business continuity, our commitment to local sourcing contributes to national economic development by creating opportunities for local enterprises, strengthening domestic supply chains, and fostering sustainable business partnerships built on trust and mutual growth.

Leveraging global expertise

To complement local sourcing, Kelani Cables partners with 302 international suppliers that provide specialised materials, advanced technologies, and products not readily available within Sri Lanka. These strategic relationships enable us to maintain internationally recognised quality standards, strengthen product innovation, and remain responsive to technological advancements within the electrical manufacturing industry.

International sourcing also enhances procurement flexibility and supports the continuity of operations by broadening access to global supply markets.

Creating shared value through supplier partnerships

Our balanced supplier portfolio enables Kelani Cables to maintain consistent product quality, optimise manufacturing efficiency, and strengthen operational resilience while supporting innovation across our product portfolio. Through long-term collaboration, open communication, and responsible sourcing practices, we continue to build mutually beneficial relationships that contribute to sustainable growth for both Kelani Cables and our supply chain partners.

COMMUNITIES

Kelani Cables recognises that strong relationships with the communities in which we operate are fundamental to creating sustainable value. By engaging openly, responding to community needs, and contributing to local development, we strengthen our social licence to operate while fostering shared prosperity and long-term business resilience.

Building meaningful community partnerships

Our approach to community engagement is founded on active dialogue, mutual respect, and a genuine understanding of local priorities. Through ongoing engagement, we seek to understand the needs, expectations, and aspirations of our neighbouring communities, enabling us to develop initiatives that are relevant, inclusive, and capable of delivering lasting social value.

Creating shared value

We believe that sustainable business success is closely linked to the well-being of the communities we serve. Our community initiatives are therefore designed to create shared value by supporting social development, strengthening local capacity, and contributing positively to the communities in which we operate. Through collaborative partnerships, educational initiatives, environmental programmes, and community development activities, we seek to deliver meaningful outcomes that benefit both society and the business.

Strengthening our social licence to operate

Strong community relationships contribute to a stable and supportive operating environment. By maintaining open communication, acting responsibly, and responding proactively to community expectations, we continue to build trust and reinforce the long-term sustainability of our operations.

Guided by our values

Our commitment to community engagement reflects the values that define Kelani Cables. By integrating social responsibility into the way we operate, we contribute to inclusive economic development, strengthen stakeholder confidence, and create lasting value for the communities that support our business.

Our flagship initiatives

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

"KELANI SAVIYA" - Powering Futures, Elevating Standards

Launched in 2007 under the patronage of Prof. S.B.S. Abeykoon, then Vice Chancellor of the University of Peradeniya, Kelani Saviya is one of Kelani Cables' flagship community development initiatives. Established to enhance the recognition, professionalism, and technical capabilities of electricians across Sri Lanka, the programme reflects our commitment to developing skilled industry professionals and strengthening the nation's electrical sector.

Now in its 18th consecutive year, Kelani Saviya continues to equip aspiring and practising electricians with the knowledge and practical competencies required to succeed in an evolving industry. Through a structured three-tier training programme, participants develop technical expertise, enhance professional standards, and improve their employability, contributing to a safer, more skilled, and future-ready electrical workforce.

Investing in human potential

Kelani Saviya continues to create lasting social value by developing the next generation of skilled electrical professionals and strengthening industry capability across Sri Lanka.

- Over 1,000 young people have enrolled in the programme since its inception, with more than 535 participants successfully completing all three levels and achieving full certification.
- Combining academic rigour with practical, industry-relevant training, Kelani Saviya has become a recognised benchmark for vocational development within Sri Lanka's electrical sector.
- By the end of 2025, the programme had successfully completed 12 training cycles, reflecting its sustained relevance and impact, while the 13th intake commenced in January 2026, continuing its mission of developing skilled, employable electrical professionals.

Empowering a skilled workforce

Kelani Saviya extends its impact beyond individual participants by contributing to the long-term development of Sri Lanka's electrical industry. Through structured skills development, professional recognition, and career advancement opportunities, the programme strengthens industry capability while enhancing the employability and long-term career prospects of aspiring electricians.

External recognition

The impact of Kelani Saviya and our broader commitment to community development was recognised in 2025, when Kelani Cables received the Silver Award for Management Excellence in Corporate Social Responsibility at the National Management Excellence Awards, organised by the Institute of Management Services of Sri Lanka (IMSL).

KELANI SHAKTHI – EXPANDING OPPORTUNITY, EMPOWERING THE NORTH

Building on the success of Kelani Saviya, Kelani Shakthi was established to extend vocational training opportunities to Sri Lanka's Northern Province. The programme continues our commitment to strengthening the professionalism of the electrical trade by equipping young people with industry-relevant skills that enhance employability, promote career stability, and elevate professional recognition.

Implemented in collaboration with the University of Jaffna, Kelani Shakthi brings structured vocational training closer to underserved communities, creating opportunities for individual advancement while contributing to regional skills development and long-term socio-economic progress.

Graduates of the 6th Batch of the Kelani Shakthi Programme receiving their certificates at the certification ceremony held on 12 June 2025 at the University of Jaffna.

Progress and Impact

Kelani Shakthi continues to expand its reach and strengthen vocational capability within Sri Lanka's Northern Province, creating meaningful opportunities for aspiring electrical professionals.

- The programme successfully completed its 5th and 6th training batches, marking important milestones in its continued growth.
- Sixty-eight participants were selected for the 7th batch, reflecting sustained demand for industry-focused vocational training within the region.
- Participants from the previous batches received their certificates at a formal graduation ceremony held on 12 June 2025 at the University of Jaffna, recognising their achievements and supporting their transition into skilled employment.

A pathway to prosperity

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

KELANI VISURA ELECTRICIANS CLUB

Advancing Skills, Strengthening the Profession

The Kelani Visura Electricians' Club is one of Kelani Cables' flagship stakeholder engagement initiatives, established to enhance the professional capabilities, recognition, and standing of electricians across Sri Lanka. By providing a platform for continuous learning, technical knowledge sharing, and industry collaboration, the Club strengthens professional competencies, promotes best practices, and fosters a connected community of skilled electrical professionals, contributing to the advancement of the industry as a whole.

Knowledge Sharing for Professional Growth

Continuous learning remains central to the Kelani Visura Electricians' Club. During the year, the Club conducted thirteen technical seminars designed to strengthen the knowledge and capabilities of electrical professionals. Key areas of focus included:

- Safe and efficient use of electricity.
- Best practices in electrical installation.
- Energy conservation and emerging industry standards.

These knowledge-sharing sessions support continuous professional development while promoting higher standards of safety, technical competence, and industry best practice.

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

Hands-on learning and practical application

To further strengthen technical competency, the second learning module of the programme was introduced during the year. A series of 16 practical seminars incorporating live demonstrations was conducted, attracting the participation of over 1,200 electricians from across Sri Lanka. These hands-on sessions complemented theoretical learning by enabling participants to apply their knowledge in real-world installation and maintenance scenarios.

Empowering the electrical profession

Through continuous technical education, practical learning, and industry collaboration, the Kelani Visura Electricians' Club continues to strengthen the capabilities of Sri Lanka's electrical workforce. By promoting professional development, safe working practices, and knowledge sharing, the initiative contributes to raising industry standards while supporting the long-term growth and recognition of the electrical profession.

HUMAN CAPITAL

Our people are fundamental to the successful execution of the Kelani Cables strategy by investing in talent development, leadership, employee well-being, and a high-performance culture

Human capital comprises the knowledge, skills, experience, diversity, and commitment of our people that enable Kelani Cables to deliver sustainable value. By fostering a safe, inclusive, and engaging workplace that promotes continuous learning and professional development, we strengthen our organisational capability and long-term competitiveness.

HUMAN CAPITAL ADVANCING THE KELANI CABLES STRATEGY

Our people are fundamental to the successful execution of the Kelani Cables strategy. By investing in talent development, leadership, employee well-being, and a high-performance culture, we build the capabilities required to drive operational excellence, innovation, customer satisfaction, and sustainable business growth. A skilled, motivated, and engaged workforce enables us to respond effectively to evolving market needs while maintaining the quality and reliability that define the Kelani Cables brand.

Total employees

	Male	Female	Total
2026 – Number	488	34	522
2026 – Percentage	93%	7%	100%

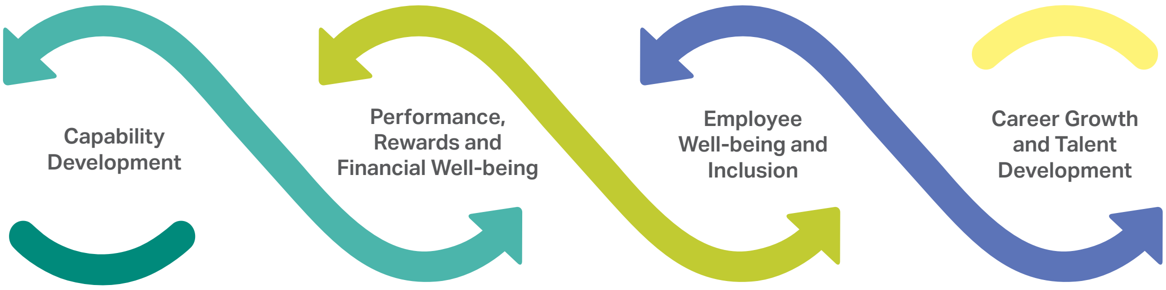
Employees by staff category and gender

	Male		Female	
Category	Number	Percentage	Number	Percentage
Senior management	53	10%	6	1%
Executive	36	7%	7	1%
Non-executive	399	77%	21	4%

Workers who are not employees

The Company employed outsourced personnel to enhance operational efficiency and leverage skills. 20 outsourced employees assigned to various functions, including Transport, stores, and plant operations. Furthermore, 07 janitorial staff and 21 security officers were deployed across the Company based on operational requirements.

OUR HUMAN CAPITAL PRIORITIES



Capability development

We invest in building the technical, professional, and leadership capabilities of our people through structured learning and development programmes. During the year, approximately Rs. 3 million was invested in training to strengthen competencies, enhance performance, and prepare our workforce for future business needs.

Performance, rewards and financial well-being

We are committed to recognising performance and providing employees with financial stability. Despite continued economic challenges, the Company maintained remuneration, performance-based annual salary increments, and bonuses, reinforcing our commitment to employee engagement and retention.

Employee well-being and inclusion

We foster an inclusive, diverse, and supportive workplace where employees can thrive. Our people initiatives continue to promote employee well-being, strengthen workplace engagement, and create an environment that values respect, collaboration, and equal opportunity.

Career growth and talent development

We provide structured career pathways that enable employees to develop their capabilities and progress within the organisation. By aligning individual aspirations with business objectives, we strengthen employee motivation, succession readiness, and long-term organisational capability.

A HIGH-PERFORMANCE CULTURE DRIVING SUSTAINABLE SUCCESS

At Kelani Cables, our culture is a strategic enabler that shapes how we work, collaborate, and create value. Grounded in shared values and a commitment to continuous improvement, it empowers our people to innovate, uphold the highest standards of integrity and quality, and deliver sustainable outcomes for our stakeholders. As our business continues to evolve, our culture remains central to building organisational resilience, strengthening employee engagement, and supporting long-term success.

Values that define us

Our culture is built on five core values - Respect, Integrity, Quality, Family, and Learning. These values guide everyday decisions and behaviours, fostering an environment founded on trust, accountability, collaboration, and continuous learning.

Leadership that enables performance

Our leaders set the tone for the organisation by leading with integrity, empowering teams, and promoting accountability and innovation. Through their commitment to our purpose and values, they cultivate an inclusive workplace where people are encouraged to perform, grow, and contribute their best.

Collaboration that creates value

Cross-functional collaboration is fundamental to the way we operate. By bringing together diverse expertise and perspectives, our teams drive innovation, improve operational performance, and consistently deliver high-quality products and solutions that meet evolving customer needs.

People strategy supporting long-term growth

Our human capital strategy is designed to develop the capabilities, engagement, and well-being of our workforce while aligning individual aspirations with organisational priorities. Through targeted investments in talent, leadership, learning, and employee experience, we continue to build a future-ready workforce capable of supporting the Company's long-term strategic ambitions and contributing to Sri Lanka's industrial development.

HUMAN CAPITAL

KEY STRATEGIC FOCUS AREAS

Talent augmentation

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

Job repurposing

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

Employee health, safety and wellbeing

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

Continued employee engagement

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

Performance-based culture

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

KEY TRENDS SHAPING OUR HUMAN CAPITAL STRATEGY

As the business environment continues to evolve, our human capital strategy is shaped by changing workforce expectations, technological advancement, and the need to build a resilient, future-ready organisation. We continually adapt our people practices to attract, develop, and retain talent while supporting the long-term strategic priorities of Kelani Cables.

Changing workforce expectations

Employees increasingly seek meaningful work, career development, well-being, and an inclusive workplace culture. Our people strategy focuses on creating an engaging employee experience through structured career pathways, continuous learning, open communication, and employee well-being initiatives.

Building future-ready capabilities

The pace of technological advancement and industry transformation continues to reshape workforce capability requirements. We invest in developing technical expertise, leadership capabilities, digital literacy, and analytical skills to ensure our employees are equipped to meet future business needs.

Technology-enabled ways of working

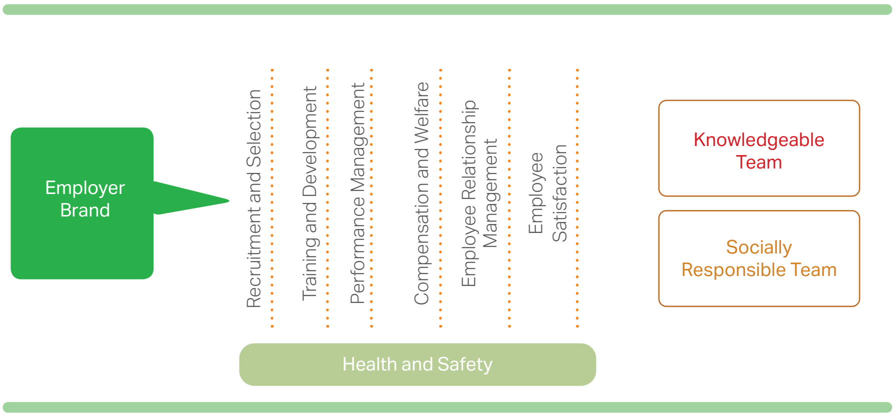
Digital technologies continue to transform how organisations operate and collaborate. We leverage technology to enhance workforce productivity, improve access to learning, streamline people processes, and support data-driven decision-making across the organisation.

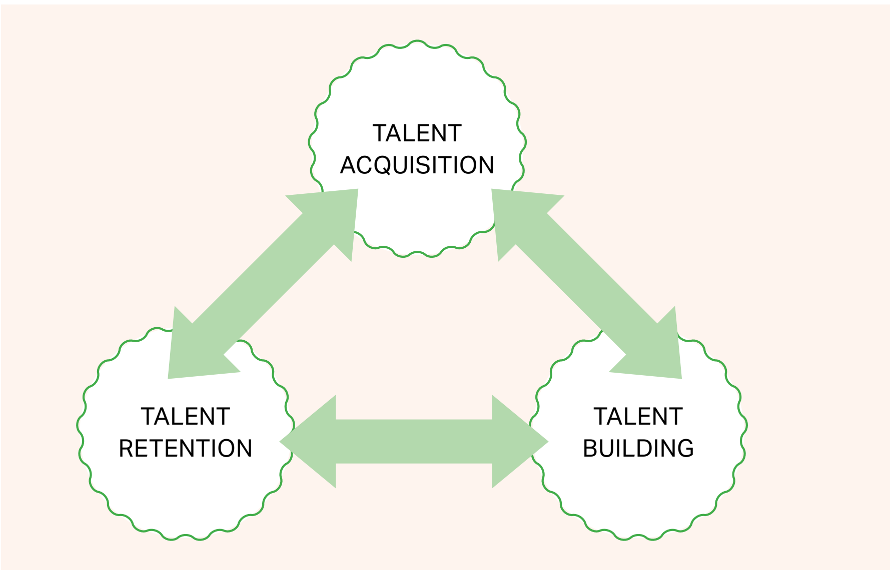
Attracting and retaining talent

Maintaining a skilled and engaged workforce remains essential to sustaining our competitive advantage. We continue to strengthen our employee value proposition through competitive rewards, career development opportunities, and a workplace culture that recognises performance, encourages innovation, and supports long-term employee engagement.

Performance and organisational agility

In a dynamic business environment, organisational success depends on an agile and high-performing workforce. We continue to foster a culture of accountability, collaboration, continuous improvement, and adaptability, enabling our people to respond effectively to evolving customer, market, and business requirements.





TALENT ACQUISITION

At Kelani Cables, attracting and retaining the right talent is fundamental to sustaining our competitive advantage. Our talent acquisition strategy aligns with our business objectives, balancing the development of internal talent with the selective recruitment of external expertise to build a capable, diverse, and future-ready workforce.

Developing talent from within the organisation

We believe our people are our greatest asset and therefore prioritise internal talent development wherever possible. Through structured succession planning and career progression, we identify high-potential employees and trade learners with the capability to assume broader responsibilities. Promoting from within strengthens organisational capability, preserves institutional knowledge, and reinforces employee engagement through clear career opportunities.

Bringing in new perspectives

While internal development remains a priority, external recruitment plays an important role in strengthening organisational capability. We selectively recruit individuals with specialised expertise and diverse industry experience to complement our existing talent, address emerging capability requirements, and introduce new perspectives that support innovation and continuous improvement.

By combining internal development with targeted external recruitment, we continue to build a workforce that reflects our values while possessing the capabilities required to support the Company's long-term growth.

STRENGTHENING WORKFORCE STABILITY

During the year, the Company recorded a lower employee attrition rate than the previous year, reflecting improved workforce stability. Natural employee turnover created opportunities to refresh and strengthen our talent base, which was effectively managed through a balanced combination of internal promotions and targeted external recruitment. This approach ensured business continuity, retained critical organisational knowledge, and reinforced the resilience of our workforce.

TALENT DEVELOPMENT

Developing our people is central to creating long-term organisational value. Our talent development approach focuses on strengthening leadership capability, fostering a high-performance culture, and enabling continuous professional and personal growth to ensure our workforce remains engaged, resilient, and future-ready.

DEVELOPING FUTURE LEADERS

Leadership development is a strategic priority at Kelani Cables. High-potential employees are identified and provided with structured development opportunities through mentoring, leadership programmes, targeted workshops, and continuous performance feedback. These initiatives prepare future leaders to take on greater responsibilities while supporting succession planning across the organisation.

STRENGTHENING OUR CULTURE

Our people strategy is underpinned by a workplace culture founded on our core values of Respect, Integrity, Quality, Family, and Learning. These values shape how we work, collaborate, and engage with one another and our stakeholders. Team-building initiatives, recognition programmes, and open communication forums reinforce an inclusive culture built on trust, collaboration, accountability, and continuous improvement.

HUMAN CAPITAL

SUPPORTING CONTINUOUS GROWTH

We are committed to supporting the professional and personal development of our employees through targeted learning opportunities that build both technical expertise and behavioural competencies. Employees are encouraged to pursue professional qualifications, certifications, and role-specific development programmes, enabling them to realise their full potential while contributing to the Company's continued success.

TRAINING AND DEVELOPMENT

Continuous learning is integral to maintaining a skilled, adaptable, and high-performing workforce. Our training framework is designed to strengthen individual capabilities, address evolving business requirements, and support operational excellence through structured learning and development initiatives.

IDENTIFYING DEVELOPMENT NEEDS

Training requirements are identified through regular performance evaluations and competency assessments that benchmark employees against clearly defined performance expectations. This systematic approach enables the timely identification of capability gaps and the delivery of targeted development programmes aligned with both individual and organisational needs.

DELIVERING EFFECTIVE LEARNING

We adopt a blended learning approach that combines practical workplace experience with structured learning.

- **On-the-job training** enables employees to develop and apply skills within their day-to-day work environment, reinforcing practical learning and immediate application.
- **Classroom-based learning** provides employees with technical knowledge, professional competencies, and broader business insights that support long-term capability development.

Together, these learning methods provide a well-rounded development experience that strengthens individual performance and organisational capability.

BUILDING A LEARNING ORGANISATION

Kelani Cables continues to invest in employee learning to ensure our workforce remains agile and responsive to changing technologies, customer expectations, and industry developments. Ongoing investments in technical, professional, and leadership development strengthen organisational capability, reinforce operational excellence, and support the Company's long-term competitiveness.

Talent Acquisition Channels

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

TALENT BUILDING

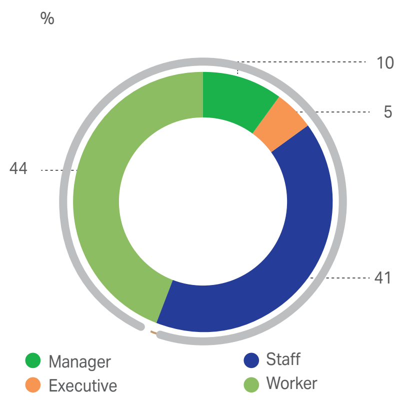
At Kelani Cables, talent development is a strategic priority that underpins our long-term growth and success. We are committed to creating an environment where our people can thrive both professionally and personally whilst remaining closely aligned with the Company's mission and values. Our approach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

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

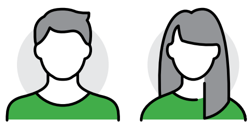
Training statistics

	2026	2025
Number of employees who underwent training during the year	454	395
Total collective training hours	5035	5,002
Training budget	3.00 million	3.00 million
Key training topics	Driving performance through KPI's., Personal Branding Session, Fire Training, Leadership and Adventure Training - OBT, First Aid Training, Social Dialogue Training, Awareness Program on AI, Awareness on Grievance Handling Procedure, Internal Audit Training of ISO 9001 & 14001, Awareness Program on Drug Prevention , Strategic Leadership, Employee Well-being Training	Leadership and Management Skills, Interpersonal Communication Development Training/Mindshare Meetup – 6 Sessions/First Aid/ Fire Training/Educational Programme on Performance Excellence/ KPI development programs

TRAININGS BY CATEGORY



Category	Training Hrs
Manager	894.0
Executive	629.5
Staff	1,763.5
Worker	1,748.0
Total	5,035.0



Average hours of training per year per employee

Average hours of training per year per employee
10.07

Average hours of training per year per female employee
0.85

Average hours of training per year per male employee
9.22

OCCUPATIONAL HEALTH AND SAFETY

The health, safety, and well-being of our employees remain a fundamental priority at Kelani Cables. Given the nature of our manufacturing operations, we are committed to maintaining a safe and healthy workplace through robust safety management practices, proactive risk prevention, employee awareness, and continuous improvement. Our approach focuses on preventing workplace incidents while fostering a strong safety culture across the organisation.

Safety governance

Occupational health and safety is supported by a dedicated Safety Committee, which oversees the implementation of safety initiatives, develops workplace safety policies, conducts risk assessments, and monitors compliance with applicable health and safety requirements. The Committee works closely with management to strengthen safety performance and drive continuous improvement.

Building a safety-conscious workforce

Employee awareness and preparedness are strengthened through regular occupational health and safety training programmes. Fire safety training is provided to employees to ensure they are equipped to prevent, respond to, and manage fire-related emergencies. Training covers the proper use of fire extinguishers, emergency evacuation procedures, and emergency communication protocols, enabling employees to respond effectively during incidents.

Monitoring and continuous improvement

Safety performance is continually monitored through monthly safety reviews, workplace inspections, and operational audits to identify potential hazards and implement timely corrective actions. These reviews reinforce compliance with established safety practices while supporting the continual enhancement of workplace safety standards.

Our proactive approach to occupational health and safety has contributed to maintaining zero major workplace accidents, reflecting the effectiveness of our safety management practices and the commitment of our employees to maintaining a safe working environment.

Work-related injuries

Occupational health and safety statistics

	2026	2025
Number of work place related injuries	06	01
Number of near misses	00	00
Number of relevant trainings conducted	03	03
Number of employees covered in related trainings	94	248

Compensation and benefits

Our benefit framework is inclusive and design to meet the diverse needs of our workforce, without gender- based distinctions. We offer a fair compensation to employees based on their performance.

Fostering an Inclusive and Equitable Workplace

At Kelani Cables, we are committed to creating a workplace where every employee is respected, valued, and provided with equal opportunities to succeed. Diversity, equity, and inclusion are embedded throughout the employee lifecycle, enabling us to attract, develop, and retain talent while fostering a culture built on fairness, merit, and mutual respect.

Equal opportunity throughout the employee lifecycle

We uphold a strong commitment to equal opportunity by ensuring employment decisions are based solely on merit, capability, and performance. Inclusive practices are embedded across recruitment, performance management, career development, training, and employee benefits, providing all employees with equitable access to opportunities, resources, and support.

- **Recruitment –** Inclusive recruitment practices are designed to attract diverse talent, while recruitment decisions are based on qualifications, skills, and experience through objective, merit-based assessments.
- **Performance Management –** Employee performance is evaluated using transparent criteria aligned with role requirements, supported by regular reviews to promote consistency and minimise bias.
- **Learning and Development –** All employees have equal access to training, professional development, mentoring, and capability-building programmes that support career growth.
- **Benefits and Well-being –** Our employee benefits and work-life initiatives are designed to support the diverse needs of our workforce, including family-friendly policies and work-life balance programmes.

Merit-based career progression

Career advancement at Kelani Cables is founded on merit. Promotions and leadership opportunities are awarded based on demonstrated performance, capability, and potential, ensuring employees have equal opportunities to progress regardless of gender or any other non-performance-related characteristic. High-potential employees are supported through structured leadership development and career progression initiatives to prepare them for future responsibilities.

Building an inclusive culture

We continue to strengthen an inclusive workplace where diversity is valued and every employee feels empowered to contribute. Awareness programmes on diversity, inclusion, and unconscious bias help reinforce respectful workplace behaviours, while employee engagement initiatives encourage collaboration, open dialogue, and mutual support. Our human resource policies are regularly reviewed to promote fairness, equal opportunity, and a workplace free from discrimination.

Continuous improvement

We recognise that building an inclusive workplace is an ongoing journey. Through regular policy reviews, employee feedback, and continuous evaluation of our people practices, we seek to strengthen diversity, equity, and inclusion across the organisation and create an environment where every employee can realise their full potential.

Targeted support amidst economic hardship

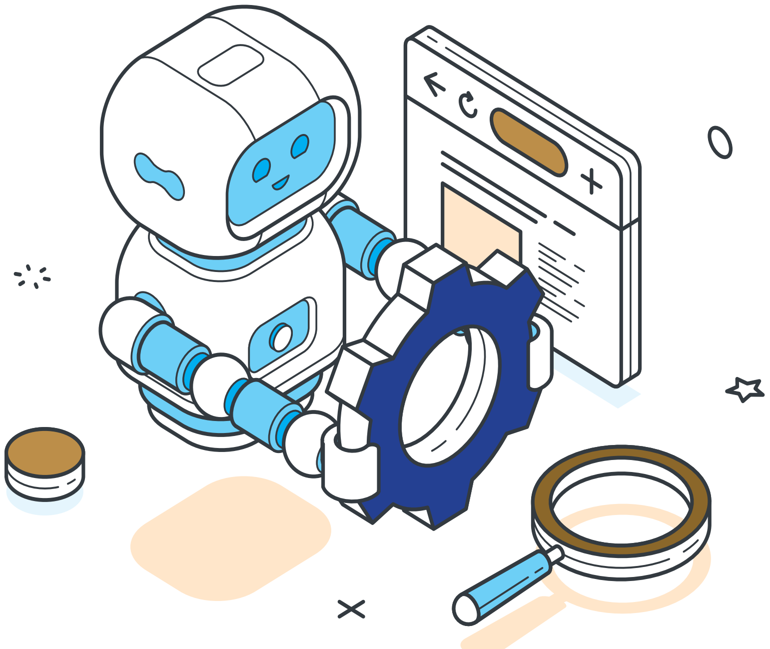
Although Sri Lanka has now entered a phase of post-crisis recovery and growth following the economic downturn of 2022, the lingering effects such as a high cost of living continue to impact the day-to-day lives of many. At Kelani Cables PLC, we recognise these challenges and remain committed to supporting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

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

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

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

MANUFACTURED CAPITAL



Continuous investment in our production capabilities enhances operational resilience, optimises manufacturing efficiency, and enables us to respond to evolving customer requirements and market opportunities

Manufactured capital comprises the physical infrastructure, manufacturing facilities, technology, equipment, and supporting assets that enable Kelani Cables to produce high-quality electrical solutions efficiently and reliably. By continually investing in modern manufacturing capabilities and operational excellence, we strengthen productivity, enhance quality, improve resource efficiency, and build the capacity required to create sustainable value for our stakeholders.

Manufactured Capital Advancing the Kelani Cables Strategy

Our manufactured capital provides the operational foundation for delivering the Kelani Cables strategy. Spanning over 3.1 hectares, our manufacturing facilities combine modern production infrastructure with advanced technologies to support efficient operations, consistent product quality, and reliable customer delivery.

Continuous investment in our production capabilities enhances operational resilience, optimises manufacturing efficiency, and enables us to respond to evolving customer requirements and market opportunities. These capabilities strengthen our ability to deliver innovative, high-quality electrical solutions while supporting the Company's long-term growth and competitiveness.

Top three key stakeholders linked and their value expectations

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

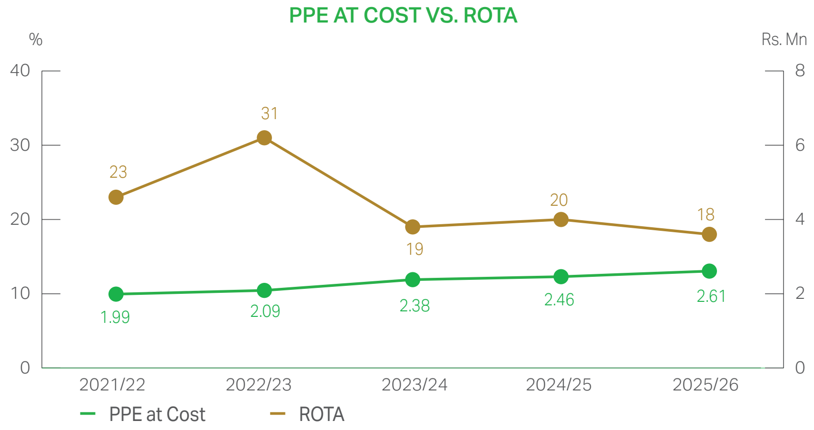
Stakeholder	Why they are most closely linked to Manufactured Capital and value expectations
Employees	Operate, maintain, and continuously improve manufacturing facilities, equipment, and production processes. Safe and efficient facilities directly affect their work
Customers	Depend on manufacturing capacity, product quality, reliability, and timely delivery. Manufactured capital exists primarily to create value for customers
Shareholders	Provide the capital required to invest in production facilities, machinery, automation, and capacity expansion, and expect these assets to generate sustainable returns

Key constituents of our Intellectual Capital

	Plant I & II	Plant III
Location	Wewalduwa, Kelaniya	Mahena Road, Siyambalape South Siyambalape
Land Extent	2.7Ha	0.4Ha
Key Production Lines	Heavy Cables, Other Cables & Enamel winding wire	Domestic range cables
Book value – LKR Mn	256.85Mn	150.58Mn
Capacity utilisation during the year	57%	85%

MANUFACTURED CAPITAL

Performance of our PPE



Optimizing the performance of manufactured capital

Kelani Cables adopts a disciplined approach to managing its property, plant, and equipment to ensure operational reliability, manufacturing efficiency, and workplace safety. Preventive and planned maintenance programmes are carried out in consultation with equipment manufacturers where required, ensuring assets operate at optimum performance while minimising unplanned downtime and extending asset life. Through systematic asset management, we safeguard production continuity, enhance operational resilience, and maximise the value generated from our manufacturing infrastructure.

Enhancing our manufacturing capability

We continued to invest in strengthening our manufacturing capabilities through targeted improvements to our production infrastructure and equipment. Key initiatives undertaken during the year included:

- Upgrading machine components with more efficient alternatives to improve operational performance and equipment reliability.
- Installing new machinery to enhance production capacity and manufacturing capability.
- Constructing a new factory building to accommodate additional production equipment and support future growth.
- Embedding 5S and Kaizen principles across our operations to drive continuous improvements in workplace organisation, process efficiency, productivity, and operational excellence.

These initiatives enhance the productivity, reliability, and longevity of our manufactured assets, enabling Kelani Cables to consistently deliver high-quality products while supporting sustainable long-term growth.

Key Risks and Opportunities affecting Our Manufactured Capital Base

KEY RISKS

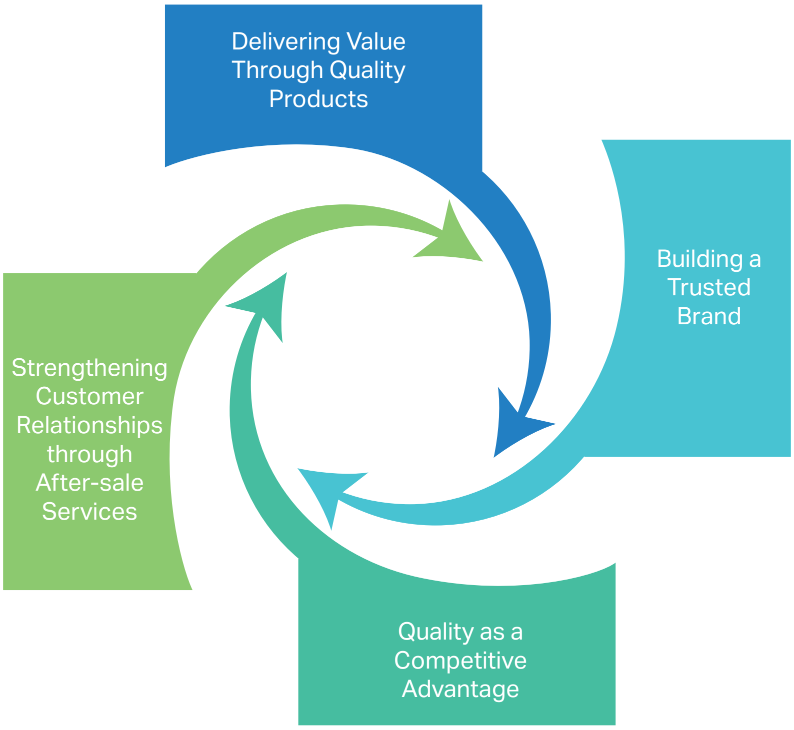
- Ageing machinery and equipment, potentially leading to increased downtime, maintenance costs, and reduced productivity
- Capacity constraints that may limit the ability to meet growing customer demand or respond to market opportunities
- Operational disruptions arising from equipment failures, utility interruptions, or damage to manufacturing facilities
- Potential technology obsolescence, reducing manufacturing efficiency, product quality, and competitiveness
- Possible capital investment delays or cost overruns, affecting planned capacity expansion and modernisation initiatives

KEY OPPORTUNITIES

- Investment in advanced manufacturing technologies and automation to improve productivity, quality, and operational efficiency
- Expansion and modernisation of manufacturing facilities to increase production capacity and support future growth
- Predictive and preventive maintenance using data analytics to reduce downtime and extend asset life
- Adoption of lean manufacturing practices, including 5S and Kaizen, to improve process efficiency and reduce waste
- Integration of digital manufacturing and smart factory technologies, enhancing real-time production monitoring, decision-making, and asset utilisation

MARKETING STRATEGY AND BRAND STRENGTH

Kelani Cables' marketing strategy is centred on delivering superior customer value while strengthening the Company's market leadership and long-term competitiveness. By integrating product excellence, trusted brand equity, uncompromising quality, and responsive customer engagement, we continue to build enduring stakeholder relationships and reinforce our position as Sri Lanka's leading electrical solutions provider.



Delivering Value Through Quality Products

Our extensive portfolio of electrical cables and related products serves the residential, commercial, industrial, infrastructure, energy, export sectors. Continuous investment in product development and innovation enables us to respond to evolving customer requirements and emerging industry trends whilst maintaining compliance with national and international standards.

By combining product reliability, technical expertise, and continuous innovation, Kelani Cables continues to strengthen its value proposition and deliver solutions that meet the diverse requirements of our customers.

Building a Trusted Brand

Over the past five decades, Kelani Cables has developed one of the most recognised and respected brands in Sri Lanka's electrical industry. Built on a foundation of quality, reliability, innovation, and customer confidence, the Kelani brand continues to differentiate the Company within an increasingly competitive marketplace.

Our brand-building strategy is closely aligned with our vision of becoming the nation's leading electrical solutions provider. Through consistent customer engagement, product innovation, and strategic marketing initiatives, we continue to strengthen brand equity while enhancing customer confidence and long-term market leadership.

Quality as a Competitive Advantage

Quality remains central to the Kelani Cables value proposition. Rigorous quality assurance practices are embedded throughout the manufacturing value chain, from raw material procurement and production to testing and final delivery.

Continuous process improvements and the application of data analytics enable the Company to minimise non-conforming products, reduce quality claims, improve manufacturing efficiency, and optimise costs. These efforts reinforce customer confidence while ensuring our products consistently meet the highest standards of safety, quality, and performance.

Strengthening Customer Relationships through After-sale Services

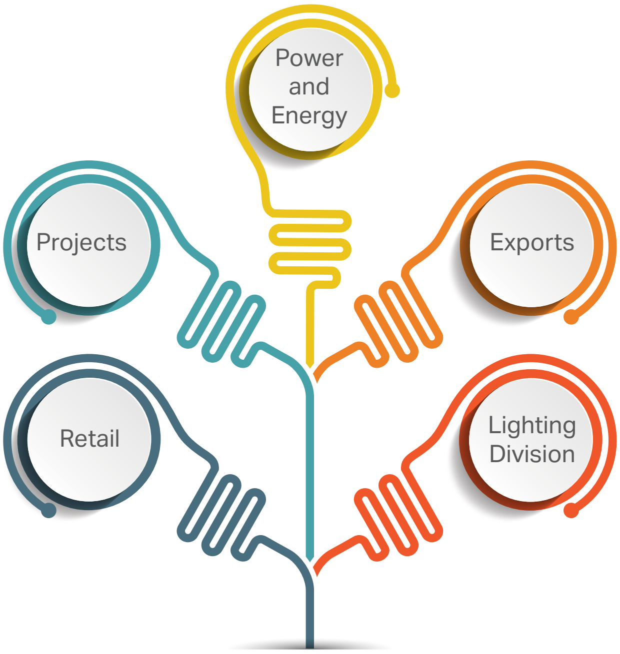
Our relationship with customers extends well beyond product delivery. We provide comprehensive after-sales support through dedicated technical assistance, product guidance, and responsive customer service.

Regular technical seminars, training programmes, and knowledge-sharing sessions conducted for engineers, electricians, contractors, and other industry professionals strengthen technical capabilities while creating long-term partnerships built on trust and mutual success. Continuous customer engagement and feedback further support product improvements and enhanced customer experiences.

MARKETING STRATEGY AND BRAND STRENGTH

SERVING DIVERSE MARKETS

Our diversified market presence enables Kelani Cables to respond effectively to changing customer needs while maintaining balanced and sustainable growth across multiple sectors.



Retail

The gradual recovery of the domestic economy and improved activity within the construction sector created positive momentum within the retail market. Leveraging our extensive distribution network and field sales capabilities, Kelani Cables recorded commendable revenue growth while strengthening customer reach across the country.

Projects

The Projects segment remains a key contributor to revenue growth, serving infrastructure, commercial, industrial, residential, and large-scale development projects. Our comprehensive portfolio of certified cable solutions, ability to provide customised products, and commitment to timely project execution continue to strengthen our competitive position within this market.

During the year, Kelani Cables supplied electrical solutions to numerous landmark projects across multiple sectors while supporting Sri Lanka's transition towards renewable energy through the supply of power cables for solar energy projects.

Power and Energy

Kelani Cables continues to play an important role in supporting Sri Lanka's power infrastructure through long-standing relationships with the Ceylon Electricity Board (CEB) and Lanka Electricity Company (LECO). This segment continued to contribute positively towards the Company's revenue and profitability during the year.

Exports

The Export Marketing team continued to drive the growth of the Company's export business during the year. Sales operations in the Maldives and Bangladesh were further strengthened through the Company's sales office in the Maldives and liaison office in Bangladesh. In addition, Kelani cables are currently export to more than 12 countries across Asia, Africa, and other international markets.

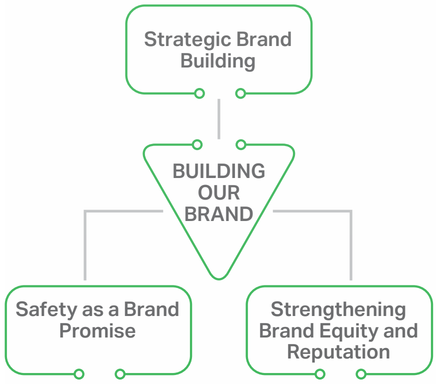
Expanding into new overseas markets remains a key pillar of the Company's export growth strategy. The superior quality of Kelani products, supported by internationally recognized certifications and the strong reputation of the Kelani brand, has enabled the Company to successfully penetrate new markets and build long-term relationships with customers. The Export Marketing team remains committed to identifying new opportunities, strengthening its global presence, and further increasing export revenue in the years ahead.

Lighting Division

The easing of import restrictions together with focused market penetration initiatives enabled the Lighting Division to improve its market presence and deliver stronger business performance during the year.

BUILDING OUR BRAND – KELANI CABLES

Brand equity is one of Kelani Cables' most valuable strategic assets and continues to play a significant role in creating long-term value. Built over more than five decades, the Kelani brand represents quality, safety, reliability, and technical excellence, attributes that continue to strengthen customer loyalty, market recognition, and stakeholder confidence.



Strategic Brand Building

During the year, Kelani Cables continued to adopt a focused and disciplined approach to brand building, balancing effective market visibility with prudent marketing investment.

A major above-the-line campaign was undertaken to support the launch of the Fire Shield product range, aligning with anticipated changes to Sri Lanka Standards Institution (SLSI) requirements. Television, radio, and digital platforms were utilised to maximise customer awareness, while digital media continued to play an important role in sustaining brand recall throughout the year.

To strengthen physical market visibility, the Company selectively replaced dealer boards at strategic locations and renewed contracts for key outdoor hoardings, ensuring continued brand presence across priority markets.

These initiatives strengthened customer awareness while supporting efficient utilisation of marketing resources.

STRENGTHENING BRAND EQUITY AND REPUTATION

The strength of the Kelani brand continues to create value beyond product sales. A trusted and respected brand supports customer acquisition and retention, strengthens long-term business relationships, and enhances the Company's competitive positioning within the electrical industry.

Strong brand equity also contributes to financial performance by supporting repeat business, customer loyalty, and sustainable market growth. Our reputation for quality, innovation, and responsible business practices continues to enhance stakeholder confidence while creating opportunities for new partnerships and business development.

Safety as a Brand Promise

Safety remains a defining characteristic of the Kelani Cables brand. Across every customer touchpoint, from product development and packaging to marketing communications and technical support, we consistently reinforce our commitment to delivering safe, reliable, and high-quality electrical solutions.

Our continued investment in product innovation and adherence to stringent quality standards ensures that the Kelani brand remains synonymous with safety, reliability, and engineering excellence, strengthening customer trust and reinforcing our leadership position within the industry.

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

THE CHAIRMAN'S STATEMENT

At Kelani Cables PLC, corporate governance is regarded not simply as a regulatory requirement, but as a strategic foundation that underpins our decision-making, operational discipline, and stakeholder trust. It demonstrates our steadfast commitment to maintaining the highest levels of transparency, integrity, and accountability across all areas of our operations.

It is with a strong sense of responsibility and pride that I present this Corporate Governance Statement for the financial year under review. This statement has been prepared in accordance with the Code of Best Practice on Corporate Governance 2023, jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. In addition, it complies with the Continuing Listing Requirements specified under Section 9.1.3 of the Listing Rules of the Colombo Stock Exchange.

Our corporate governance framework is structured to support sustainable long-term value creation while fostering a culture grounded in ethical business practices, effective risk management, and responsible stewardship. During the year, the Board further enhanced its oversight role in several critical areas, including internal controls, risk management, governance practices, stakeholder engagement, and regulatory compliance, ensuring that our governance framework remains dynamic and responsive to the changing business environment.

FOSTERING A CULTURE OF GOVERNANCE

At Kelani Cables, our governance philosophy is closely aligned with our core corporate values of Innovation, Integrity, Responsibility, Excellence, and Urgency. These principles shape our conduct, influence our decision-making, and define our interactions across every level of the organization. To ensure that governance practices are effectively embedded throughout the Company, we strengthened the internal audit function and maintained robust executive oversight during the year. These initiatives support our commitment to fostering a culture in which governance is not merely acknowledged but consistently practiced by all employees.

CHAIRMAN'S DECLARATION

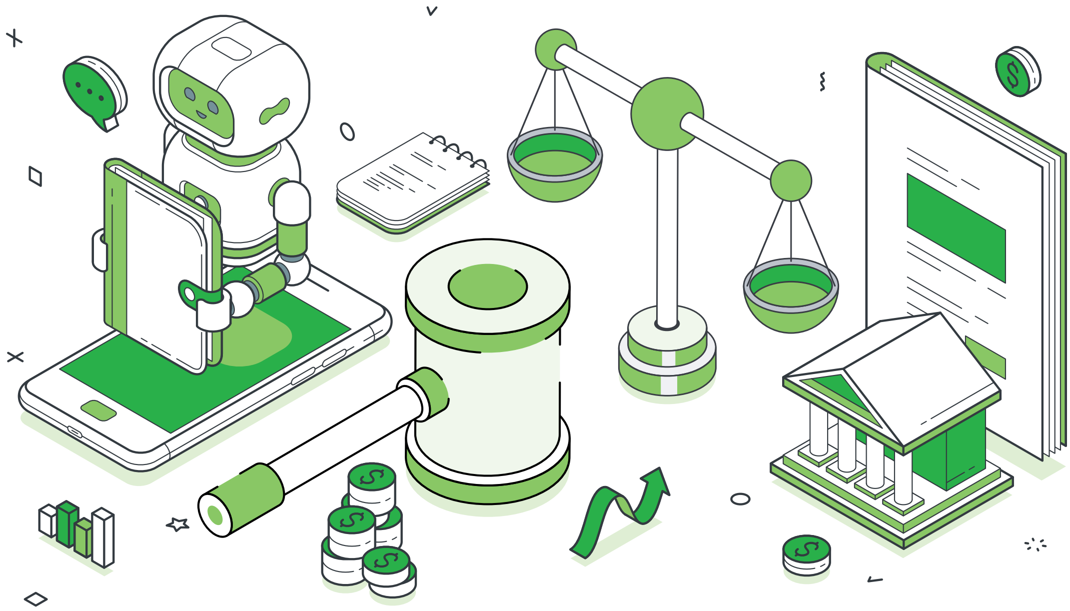
As Chairman of the Board, I am pleased to confirm that all Directors and members of the Management Team adhered to the Company's Code of Ethics throughout the year under review. To the best of my knowledge, no material breaches or violations occurred that could compromise the ethical integrity of the Board or its members. Looking ahead, the Board remains firmly committed to further enhancing our governance practices, with continued emphasis on innovation, diversity, inclusivity, and organizational resilience. We will continue to evolve and strengthen our approach to ensure that Kelani Cables PLC remains a trusted, responsible, and future-ready corporate entity. On behalf of the Board of Directors, I wish to express my sincere gratitude to our shareholders, employees, business partners, and all stakeholders for their continued confidence, trust, and invaluable support.

(Sgd.)

U G Madanayake
Chairman

28 August 2026

CORPORATE GOVERNANCE



The Board of Directors of Kelani Cables PLC remains firmly committed to maintaining the highest standards of corporate Governance, recognizing it as a cornerstone of the Company's business philosophy and long-term sustainability. The Board acknowledges that effective governance, founded on the principles of integrity, accountability, transparency, and ethical leadership, is vital to enhancing shareholder value while protecting the interests of all stakeholders.

The Company believes that the professionalism, integrity, and commitment demonstrated by its Board of Directors, management, and employees, together with a comprehensive framework of clearly defined policies, effective internal controls, and robust risk management practices, provide a strong foundation for achieving consistent performance and creating sustainable long-term value.

In its ongoing commitment to governance excellence, the Board ensures compliance with all applicable legal and regulatory requirements, including the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance 2023 jointly issued by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), as well as the provisions of the Companies Act No. 7 of 2007 as amended by the Companies (Amendment) Act No. 12 of 2025.

By adhering to these governance frameworks and continuously strengthening its oversight processes, Kelani Cables PLC remains dedicated to promoting a culture of transparency, accountability, and ethical conduct that supports the Company's sustainable growth and long-term success.

REGULATORY BENCHMARKS

Standard / Principle / Code	Adherence
Companies Act No. 7 of 2007, as amended by the Companies (Amendment) Act No. 12 of 2025	Mandatory Provisions Fully compliant
Listing Rules of the Colombo Stock Exchange (CSE)	
Securities and Exchange Commission of Sri Lanka (SEC) Act No.19 of 2021 including directives and circulars	
Code of Best Practices on Related Party Transactions (2013) advocated by the Securities and Exchange Commission of Sri Lanka	
SLFRS S1 and S2 – Sustainability Disclosure Standards	
Code of Best Practice on Corporate Governance (2023) jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary Provisions Fully Compliant

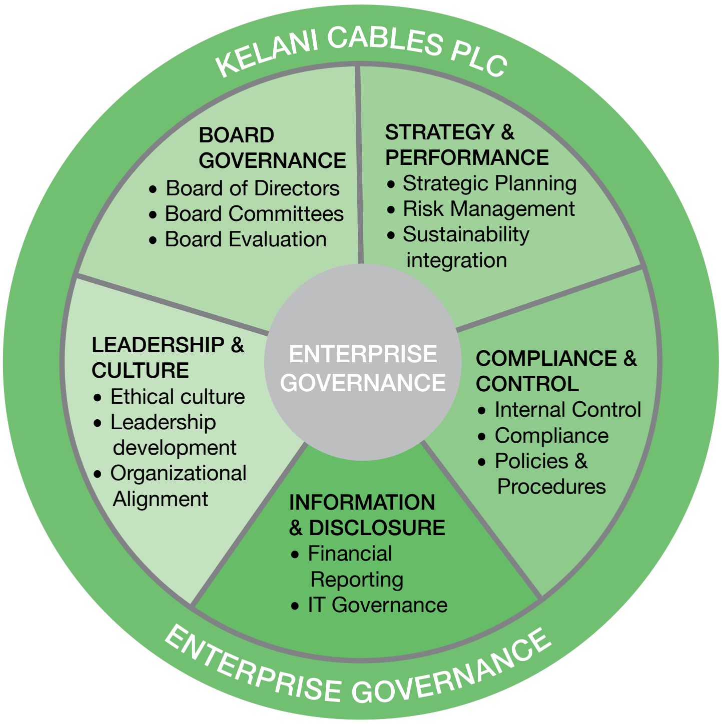
KELANI CABLES PLC ENTERPRISE GOVERNANCE FRAMEWORK

Enterprise Governance at Kelani Cables PLC represents a comprehensive framework of roles, responsibilities, processes, and oversight practices established by the Board of Directors and Executive Management. This framework provides strategic guidance, facilitates the effective execution of corporate objectives, and reinforces a culture of accountability, integrity, and responsible decision-making across the organization.

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

CORPORATE GOVERNANCE

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



A. BOARD OF DIRECTORS

A1. Board Leadership

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

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

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

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

A.1.1 Responsibilities of the Board

In accordance with Section A.1.2 of the Code of Best Practice on Corporate Governance, the Board of Directors of Kelani Cables PLC assumes collective responsibility for the overall performance and long-term success of the Company. The Board provides enterprising and forward-looking leadership, underpinned by a robust framework of prudent and effective controls that enable the identification, assessment, and management of risks in a timely and strategic manner.

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

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

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

Comprehensive Board packs, including a clearly structured agenda and supporting documents, are circulated well in advance of each meeting. This enables Directors to thoroughly review all relevant information and engage constructively in discussions. Monthly management accounts, performance analyses, and variances

Responsibilities of the Board

Formulating and overseeing the implementation of a robust business strategy
Appointing the Chair and, where applicable, the Senior Independent Director
Ensuring the management team have the requisite skills, experience, and knowledge to execute strategy
Establishing and maintaining an effective succession plan for the key management positions
Approving annual budgets and significant capital expenditure decisions
Defining matters reserved for the Board and delegating appropriate authority and financial powers to management
Developing and overseeing the ICT roadmap aligned with the Company's strategy and monitoring progress through the ICT dashboard
Ensuring compliance with applicable laws, regulations, and ethical standards
Integrating sustainable business practices and ESG considerations into strategic decision-making, including integrated reporting
Establishing and promoting Company values and standards, including the adoption of appropriate accounting policies and adherence to financial regulations
Monitoring and evaluating the progress of strategy implementation, budgets, plans, and associated risks

against the approved budget are presented and reviewed at each meeting.

Where necessary, corrective actions are identified and implemented promptly. In addition, Senior Management personnel are invited to present updates on their respective operational areas, particularly when specific insights are sought by the Board.

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

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

A 1.2. Board Diversity

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

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

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

To this end, Kelani Cables actively seeks to attract and appoint suitably qualified individuals from varied demographics and professional backgrounds, ensuring a balanced and high-performing Board that supports sustainable value creation.

A 1.3. Dedication of Adequate Time and Effort

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

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

A 1.4 Training for the Directors

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

A2. Chairman and Chief Executive Officer

Kelani Cables PLC adheres to the highest standards of corporate governance by maintaining a clear and well-defined division of responsibilities between the Board of Directors and Executive Management. This structure is designed to ensure a robust system of checks and balances, thereby promoting effective oversight, accountability, and strategic guidance.

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

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

A3. Chairman's Role

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

As the leader of the Board, the Chairman is instrumental in setting the strategic tone and direction of meetings. He is responsible for formulating a well-structured Board agenda and for ensuring that Directors are adequately briefed and prepared in advance. This meticulous approach is intended to optimize the quality and efficiency of Board deliberations, while also facilitating decisions that are in the best interests of the Company and its diverse stakeholder groups.

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

As per the section A.3.1 of Code of Best Practice on Corporate Governance (2023), The main responsibilities of the Chairman are as follows:

- Board meeting agendas are developed in consultation with the CEO, Directors, and the Company Secretary, covering key areas such as strategy, performance, risk, and compliance.
- Directors receive timely and detailed information to support effective decision-making.
- Clear communication is maintained regarding the roles, responsibilities, and governance structures of the Board and its committees.
- Active and balanced participation is encouraged by both Executive and Non-Executive Directors.
- Directors are empowered to request additional information or propose agenda items as necessary.
- A balance of power is maintained between Executive and Non-Executive Directors to ensure objective oversight.
- Director views are documented, and deliberations are transparently recorded in the meeting minutes.
- The Board maintains full control over the Company's affairs while remaining accountable to shareholders and stakeholders.

A4. Finance Acumen

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

A5. Board Balance

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

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

The Board comprises a total of five (05) Directors, of whom two (02) serve in an Executive capacity and the remaining three (03) serve in a non-executive capacity. Following a structured and comprehensive evaluation process, two (02) of the Non-Executive Directors have been formally designated as Independent Non-Executive Directors, while the other has been designated as a Non-Executive Director. This classification has been made in alignment with the principles and criteria set out in the Code of Best Practice on Corporate Governance, ensuring a balanced and objective governance structure that facilitates independent oversight and strategic direction.

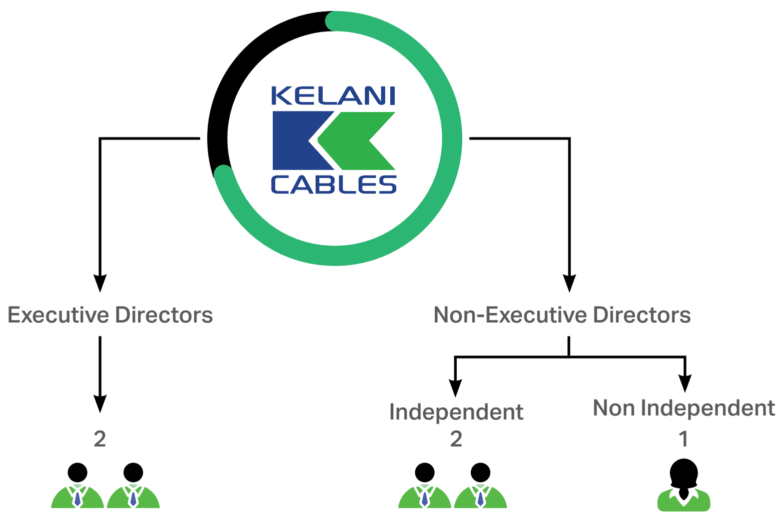
Although the Chairman of the Board functions in an Executive capacity and is therefore not classified as an Independent Director, the overall composition of the Board remains well-balanced. This structure enables the Board to exercise effective control over management while safeguarding objectivity and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

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

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

Further details, including the names, qualifications, and professional profiles of the Board of Directors, are presented on pages 12 to 13 of this Annual Report.

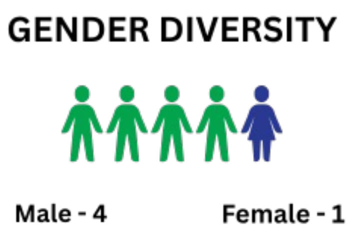
THE BOARD COMPOSITION

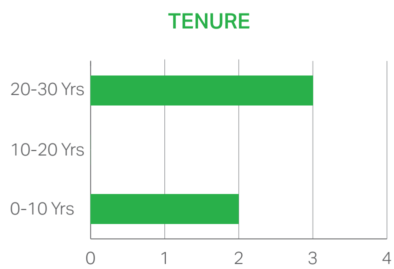


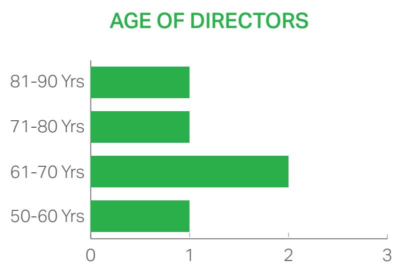
A6. Board Skills

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

A7. Diversity of the Board







A8. Board Independence

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

In alignment with the Corporate Governance Code of Best Practice 2023, particularly Principal A.1.2 and its supporting guidelines, Kelani Cables PLC has embedded independent oversight throughout the governance structure. This is achieved through a rigorous and transparent nomination process, formal independence assessments, comprehensive assurance mechanisms, and regular Board and committee evaluations. These mechanisms collectively ensure that independence is evaluated not only in form, but also in substance, enabling a governance culture rooted in objectivity, ethical conduct, and accountability.

The Company is committed to fostering meaningful engagement by its Independent Non-Executive Directors, who play a pivotal role in shaping strategic direction and providing robust oversight. In keeping with Best Practice Guideline A.5.5 of the Corporate Governance Code and Rule No. 9.19.4 of the Listing Rules of the Colombo Stock Exchange, independent directors actively contribute through their leadership roles on key Board Committees, as well as through periodic performance appraisals and structured Board discussions.

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

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

A9. Criteria for identifying the independence of the Independent Non-Executive Directors

Criteria for defining independence	Status of conformity of INED's
None of the INEDs have shareholding carrying 10 per cent or more of voting rights	Compliant
None of the INEDs is the director of another related party company*	Compliant
None of the INEDs have Income/non-cash benefits equivalent to 10 per cent of the Director's annual income, excluding income/ non-cash benefits received, which are applicable on a uniform basis to all Non- Executive Directors on the Board.	Compliant
None of the INEDs have employment at Kelani Cables or a material business relationship with Kelani Cables currently or in the three years immediately preceding their appointment as Directors	Compliant
None of the INEDs have a close family member who is a Director, CEO or Key Management Personnel.	Compliant
None of the INEDs have served on the Board continuously for a period exceeding nine years from the date of the first appointment.	Compliant
None of the INEDs are employed or have a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in the COMPANY, and the Company has a business connection with.	Compliant
None of the INEDs are above the age of seventy (70) years.	Compliant

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

A.10. Director's Independence

DEFINITION

Independence is assessed in line with the Colombo Stock Exchange Listing Rules and Schedule "C" of the Corporate Governance Code

ASSESSMENT PROCESS

- Conducted annually
- Input: Annual declarations by Non-Executive Directors
- Additional relevant disclosures
- Who Assesses: An independent review is carried out by the Board of Directors

OUTCOME

- No relationships or situations found
- No factors affecting independence
- Full compliance maintained during the review period

A.11. Senior Independent Director (SID)

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

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

The Senior Independent Director plays a pivotal role in upholding the integrity of the Board's decision-making process by providing an alternative channel of communication for Directors, shareholders, including minority shareholders and other stakeholders, particularly in instances where it may not be appropriate to approach the Chairman directly. Furthermore, the SID contributes to maintaining an environment that encourages objective and independent judgment within the Boardroom and ensures that no single individual exercises unfettered powers of decision-making.

The Board believes that the presence of a Senior Independent Director is an essential element of robust corporate governance and supports the Company's ongoing efforts to uphold transparency, accountability, and equitable stakeholder engagement.

Information relating to the Senior Independent Director is disclosed in this Annual Report.

RESPONSIBILITIES OF THE SENIOR INDEPENDENT DIRECTOR

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

A 12. Information to the Board

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

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

A 13. Appointment & Retirement to the Board

There were no appointments, resignations, retirements, or other changes to the composition of the Board of Directors during the financial year 2025/26. The Board remained unchanged throughout the year, ensuring continuity in leadership, governance, and strategic oversight.

A 14. Re-Election

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

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

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

A 15. Appraisal of Board Performance

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

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

A 16. Disclosure of Information in Respect of Directors

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

In accordance with regulatory requirements and best governance principles, Directors' interests in contracts or arrangements with the Company are disclosed in detail on pages 146 to 149 of this Report.

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

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

Name of the Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	RPTR Committee Meetings	Nomination and Governance Committee Meetings
Executive Directors					
Mr. U. G. Madanayake - Chairman	11/12	-	-	-	-
Mr. Suren Madanayake – Deputy Chairman	11/12	4/4	-	4/4	-
Non-Executive Directors					
Mrs. N. C. Madanayake	0/12	0/4	0/2	-	0/1
Independent Non-Executive Director					
Mr. Yudhishtran Kanagasabai	11/12	4/4	2/2	4/4	1/1
Senior Independent Director					
Mr. Deepal Sooriyaarachchi	11/12	4/4	2/2	4/4	1/1

A 17. The Total Number of Board Seats (Excluding Kelani Cables PLC) Held by each Director as of 31st March 2026

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

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

A 18. Company Secretary

In line with the relevant guidelines in Schedule A of the Code of Best Practice on Corporate Governance 2023, the company secretary plays an integral role in supporting the effective functioning of the Board and promoting high standards of corporate governance. Directors have unrestricted access to the advice and services of the Company Secretary.

The key responsibilities of the Company Secretary include:

- Assisting the Board in ensuring compliance with the Articles of Association, applicable laws, regulations, Listing Rules, and corporate governance requirements.
- Organizing and coordinating Board and Board Committee meetings and facilitating the timely circulation of agendas and relevant papers.
- Attending Board and Board Committee meetings and maintaining accurate records and minutes of proceedings and decisions.
- Keeping the Board informed of relevant legal, regulatory, and corporate governance developments.
- Facilitating effective communication between the Board, Board Committees, and Management.
- Assisting in the implementation of Board decisions and monitoring compliance with internal policies and procedures.

The Company Secretary acts as an advisor to the Board on governance matters and facilitates the effective discharge of the Board's responsibilities.

B. DIRECTOR'S REMUNERATION

B1. Director's Remuneration

Kelani Cables PLC maintains a structured approach to Board remuneration, supported by the oversight of the Remuneration Committee. The framework is designed to promote fairness, transparency, and accountability while ensuring that remuneration arrangements are appropriate to the responsibilities and contributions of Directors and remain consistent with the Company's strategic direction and governance principles.

The Remuneration Committee determines the remuneration of Executive and Non-Executive Directors independently and objectively. Directors do not participate in decisions relating to their own remuneration, thereby supporting the effective management of potential conflicts of interest and maintaining the integrity of the remuneration process.

B2. Level and Make-up of Remuneration

The Company's remuneration structure is intended to support the appointment and retention of Directors with the appropriate experience, knowledge, skills, and commitment required to provide effective oversight and contribute to the achievement of the Company's long-term objectives.

The Chairman and Deputy Chairman continued to serve in an honorary capacity, with their remuneration limited to fixed fees for attendance and participation at Board meetings.

B3. Disclosure of Remuneration

Kelani Cables PLC provides appropriate disclosure of its Board remuneration in accordance with applicable corporate governance principles and regulatory requirements. The Annual Report sets out the Company's remuneration policy and provides relevant information on the basis applied in determining remuneration.

The aggregate remuneration paid to Executive and Non-Executive Directors for the financial year is disclosed on page 126 of this Annual Report, providing shareholders and other stakeholders with transparent information on the remuneration of the Board.

C. RELATIONSHIP WITH SHAREHOLDERS

C1. Meeting with Shareholders

In alignment with Section C.1 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, Kelani Cables PLC recognizes the Annual General Meeting (AGM) as a critical forum for ensuring transparency, accountability, and meaningful engagement with its shareholders. The Company is deeply committed to upholding the principles of good governance by facilitating open and constructive dialogue during the AGM. Through this platform, shareholders are encouraged to actively participate in the decision-making process, raise queries, and voice their perspectives on matters pertaining to the Company's performance, strategic direction, and governance practices. This commitment reinforces the Company's dedication to maintaining strong stakeholder relationships and promoting long-term value creation.

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

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

C2. Communication with Shareholders

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

This include the timely publication of audited annual financial statements, quarterly financial results, corporate announcements, press releases, and other statutory disclosures submitted to the Colombo Stock Exchange (CSE). The

Annual Report for the financial year ended 31st March 2026 has been made accessible to all shareholders via the Company's official website, ensuring ease of access and broad dissemination.

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

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

C3. Major and Material Transactions

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

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

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

For the financial year ended 31st March 2026, the Board confirms that there were no materially significant related-party transactions or relationships between the Company and its Directors, subsidiaries, or other related parties, other than those disclosed in the Notes to the Financial Statements. All related-party transactions have been conducted on terms equivalent to those prevailing in arm's length transactions and have been subject to the oversight of the Board to ensure fairness, transparency, and regulatory compliance.

D. ACCOUNTABILITY AND AUDIT

D1. Financial Reporting

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

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

A comprehensive analysis of the Company's financial and operational performance for the year under review is presented in the Financial Review on pages 24 to 46. Further insights into the strategic direction and business performance are provided in the Chairman's Message and the Chief Executive Officer's Review, featured on pages 7 to 11, as well as the Annual Report of the Board of Directors on the Affairs of the Company, set out on pages 98 to 100.

The Statement of Directors' Responsibility for Financial Reporting is included on page 103, affirming the Board's commitment to transparency and accountability in financial stewardship. The Independent Auditors' Report on the financial statements for the year ended 31st March 2026 is provided on pages 106 to 109., offering an independent opinion on the Company's compliance with the applicable financial reporting standards and statutory requirements.

D2. Internal Controls

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

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

The internal control framework of the Company is designed to:

- Ensure the accuracy, completeness, and timeliness of financial reporting;
- Promote adherence to all applicable laws, regulatory requirements, and internal policies;
- Prevent and detect instances of fraud, misstatements, and operational irregularities;
- Facilitate informed decision-making through reliable and timely operational and management information; and

- Maintain operational efficiency and effectiveness across business processes.

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

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

D3. Statutory Compliance

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

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

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

D4. Beneficial Ownership Compliance

In accordance with the provisions of the Companies Act No. 7 of 2007, as amended by the Companies Act (Amendment) No. 12 of 2025, the Company has implemented appropriate procedures to comply with the beneficial ownership requirements introduced under the Act. A Register of Beneficial Owners is maintained in the prescribed manner, and the Group Head of Risk and Control has been appointed as the Authorized Person responsible for the safekeeping of the Register and for facilitating access to beneficial ownership information by the competent authorities and persons specified by law. The Company complied with the applicable filing and disclosure requirements relating to beneficial ownership information during the year under review.

D5. Segregation of Duties

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

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

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

D6. Whistleblowing Policy

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

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

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

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

E. BOARD SUB-COMMITTEES

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

i. Audit Committee

ii. Related Party Transactions Review Committee

iii. Remuneration Committee

iv. Nomination and Governance Committee

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

E1. Audit Committee

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

The Audit Committee is entrusted with assisting the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial reporting, the effectiveness of the internal control and risk management framework, the performance and independence of the internal and external audit functions, and compliance with applicable legal and regulatory requirements. Through its independent oversight, the Committee supports the Board in promoting transparency, accountability, and high standards of corporate governance.

The composition of the Audit Committee of Kelani Cables PLC is in full compliance with the applicable regulatory requirements, including the Colombo Stock Exchange (CSE) Listing Rules. As mandated, the Committee comprises a minimum of three Directors, with at least two being Independent Non-Executive Directors and does not include Executive Directors of the Company. The Committee is chaired by an Independent Non-Executive Director appointed by the Board, ensuring independent Judgment and effective oversight in the discharge of its responsibilities.

Further details of the Audit Committee are given in its report on pages 93 to 94.

E2. Related Party Transactions Review Committee

In accordance with the rule No 9.14.1 of Listing Rules of the Colombo Stock Exchange and the Section D.5 of the Code of Best Practice on Corporate Governance 2023, Kelani Cables PLC has established a Related Party Transactions Review Committee (RPTRC) to ensure that all related party transactions are conducted in a fair, transparent, and arm's length manner. The Committee is tasked with reviewing, approving, and recommending related party transactions in line with the regulatory requirements, thereby safeguarding the interests of shareholders and upholding good governance practices.

The composition of the Related Party Transaction Review Committee (RPTRC) of Kelani Cables PLC is in full compliance with applicable regulatory requirements, including the Colombo Stock Exchange (CSE) Listing Rules. As mandated, the Committee comprises a minimum of three Directors, with at least two being Independent Non-Executive Directors. At the discretion of the Board, Executive Directors may also serve as members. The Committee is chaired by an Independent Non-Executive Director appointed by the Board, ensuring robust oversight and independence in the review of related party transactions.

Further details of the Related Party Transactions Review Committee are given in its report on page 96 (RPTRC Report)

E3. Remuneration Committee

The Remuneration Committee of Kelani Cables PLC is constituted in accordance with Section B.2 of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Rule No. 9.12 of the Listing Rules of the Colombo Stock Exchange. The Committee is entrusted with the responsibility of determining and recommending to the Board a fair, transparent, and competitive remuneration policy for the Company's Executive Directors and Senior management, in alignment with the long-term interests of shareholders and other key stakeholders.

In keeping with corporate governance principles, the Committee comprises a minimum of three Directors, with at least two being Independent Non-Executive Directors. Executive Directors do not serve as members, and the Committee is chaired by an Independent Non-Executive Director, duly appointed by the Board. The composition during the year reflected these governance standards and was structured to safeguard objectivity and independence in the decision-making process.

Further details of the Remuneration Committee are given in its report on page 95.

E4. Nomination and Governance Committee

The Nomination and Governance Committee of Kelani Cables PLC is constituted in accordance with Sections A.7 and A.8 of the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka, and Rule 9.11.1 of the Listing Rules of the Colombo Stock Exchange.

In line with the regulatory requirements, the Nomination and Governance Committee is structured to comprise a minimum of three Directors, of whom at least two are Independent Directors, and no Executive Director is eligible to serve as a member. Furthermore, an Independent Director must be appointed as Chairperson of the Committee by the Board of Directors.

The Committee met as required during the year to review Board succession plans, assess the independence and performance of Directors, and ensure that the Board possesses the necessary skills and diversity to meet the Company's long term strategic objectives. The Committee remains committed to fostering governance excellence and supporting a high-performing Board structure in the best interest of all stakeholders.

Further details of the Nomination and Governance Committee are given in its report on page 97.

F. CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted a Code of Business Conduct and Ethics applicable to its Directors, Senior management & its employees, promoting integrity and ethical leadership. Kelani Cables PLC also aligns its governance practices with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and complies with the Listing Rules of the Colombo Stock Exchange.

F1. Corporate Governance Disclosures

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

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

G. INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

G1. Stakeholder Management and Effective Communication

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

G2. Institutional Investors

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

H. IT GOVERNANCE & CYBERSECURITY

As technology becomes increasingly integral to business operations, effective IT governance and cybersecurity are essential to operational resilience, business continuity and stakeholder confidence. Kelani Cables PLC recognizes that the responsible oversight of information, technology and digital assets is critical to supporting sustainable growth, operational efficiency and long-term value creation.

With reference to Section G of the Code of Best Practice on Corporate Governance (2023), which addresses Internet of Things and Cybersecurity, the Board oversees the Company's approach to identifying and managing technology and cybersecurity risks. Management is responsible for implementing the approved technology strategy, cybersecurity controls, policies and risk-mitigation measures and for reporting material technology and cybersecurity matters to the Board and its relevant committees.

The Company adopts a structured approach to IT governance encompassing:

- IT strategic planning and investment prioritization;
- Cybersecurity and information-security risk management;
- Data protection and regulatory compliance;
- Technology architecture and infrastructure management;
- Management of technology vendors and service providers;
- Business continuity, data backup and disaster-recovery arrangements;
- User-access management and internal controls; and
- Monitoring of technology performance, risks and improvement initiatives.

During the year, the Company continued to strengthen its technology environment and governance practices to support evolving operational requirements and digital-transformation initiatives. Technology-related risks and priorities are assessed within the Company's broader governance and risk-management framework, with appropriate matters escalated for management and Board-level consideration.

Through appropriate oversight, risk management and continuous improvement, Kelani Cables PLC seeks to safeguard its information assets, strengthen organizational resilience and use technology responsibly to enhance operational performance and create sustainable stakeholder value.

I. SUSTAINABILITY: ESG RISKS AND OPPORTUNITIES

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

Further details of ESG risks and opportunities are provided in the relevant report on page 31.

I.1. Governance and Oversight

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

Sustainability-related risks and opportunities, including climate-related matters, are assessed and managed as part of the Company's enterprise risk management framework to support informed decision-making, long-term resilience, and sustainable value creation for stakeholders.

During the financial year 2025/26, the Company continued to enhance its sustainability reporting practices and has presented comparative sustainability-related information in accordance with the disclosure requirements of SLFRS S1 and SLFRS S2. This facilitates consistency and comparability of sustainability information within the company and also across the Group and supports the reporting requirements applicable to the Group.

I.2 Continuous Improvement and Future Commitments

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

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

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

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

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

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

(a) Policy on matters relating to the Board of Directors

(b) Policy on Board Committees

(c) Policy on Corporate Governance, Nominations and Re-election

(d) Policy on Remuneration

(e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

(f) Policy on Risk Management and Internal Controls

(g) Policy on Relations with Shareholders and Investors

(h) Policy on Environmental, Social and Governance Sustainability

(i) Policy on Control and Management of Company Assets and Shareholder Investments

(j) Policy on Corporate Disclosures

(k) Policy on Whistleblowing

(l) Policy on Anti-Bribery and Corruption

K. CORPORATE GOVERNANCE CHECK LIST

K1. Statement of Compliance to the Companies Act No. 7 of 2007

Mandatory Provisions - Fully Compliant

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

K 2. Statement of Compliance Under Section 7 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Mandatory Provisions - Fully Compliant

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

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

Mandatory Provisions - Fully Compliant

Rule	Requirement	Compliance Status	Details
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Yes	Chairman's Statement on Corporate Governance
9.2.1	Listed entities shall establish and maintain the following policies and disclose the existence of such policies together with the details relating to the implementation of such policies by the entity on its website. (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk Management and Internal Controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistle-blowing (l) Policy on Anti-Bribery and Corruption	Yes	All required policies have been available in the company website.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Not Applicable	Company will be on alert regarding such events and will be disclosed when required.
9.2.3	(I) List of policies in place as per Rule 9.2.1, with reference to website (II) Any changes to policies adopted.	Yes	Corporate Governance
9.2.4	Listed entities shall make available all such policies to shareholders upon a written request being made for any such Policy	Yes	Policies will be available to shareholders upon written request.
9.3.1	Listed entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Yes	The Company has established all the mandatory sub committees.

Rule	Requirement	Compliance Status	Details
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules	Yes	Please refer to the Board sub committees Report in of this report and sections 9.10, 9.11, 9.12, 9.13 & 9.14 below.
9.3.3	The Chairperson of the Board of Directors of the listed entity shall not be the Chairperson of the Board committees referred to in Rule 9.3.1 above	Yes	The Chairman of the Board does not act as chairman of any committee.
9.4.1	Listed entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favor of the resolution (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained	Yes	The Company Secretary maintains records of the said information and the Company shall provide copies of the same at the request of the CSE & SEC.
9.4.2	Communication and relations with shareholders and investors: (a) Listed entities shall have a policy on effective communication and relations with shareholders and investors (b) Listed entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders	Yes	Policies on relations with shareholders and investors are available. The management have taken steps to publish the Company policy on effective communication and relations with shareholders on the website. The contact person for such communication please refer corporate information section
9.5.1	Listed entities must establish and maintain a formal policy for their Board of Directors	Yes	The Company maintains a formal policy in this regard covering the areas specified in section 9.5.1 under the policies on the matters relations to Board of Directors.
9.5.2	Listed entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Yes	The entity confirms the compliance of section 9.5.1 in the Annual Report for the year ended 31 March 2026.
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Yes	The Chairman of the Company is a Executive Director and a SID has been appointed. Please refer to the SID Report.
9.6.2	A Listed Entity that is unable to comply with Rule 9.6.1 above shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an immediate Market Announcement from the date of non-compliance.	Not Applicable	The Company complied with the Rule 9.6.1
9.6.3 & 9.6.4	The requirement for a SID and the rationale	Yes	An SID has been appointed. Please refer to the SID Report.

Rule	Requirement	Compliance Status	Details
9.7.1, 9.7.3 & 9.7.4	The listed entities shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of these Rules: In evaluating fitness and propriety of the persons referred in these Rules, listed entities shall utilize the "Fit and Proper Assessment Criteria"	Yes	The Company obtains declarations from Directors on an annual basis confirming that each of them have continuously satisfied the fit and proper assessment criteria as per the Rule.
9.7.2	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Yes	Nominations and Governance Committee has been established
9.7.5	a) A statement that the Directors and CEO of the Entity satisfy the Fit and proper assessment criteria stipulated in the CSE b) Any non-compliance and remedial actions taken by the Entity	Yes	Fit and proper assessment section under Corporate Governance.
9.8.1	The Board of Directors of a listed entity shall, at a minimum, consist of five (05) Directors	Yes	The Board consists of Five (05) Directors as of 31st March 2026.
9.8.2	Minimum Number of Independent Directors	Yes	The Board consists of Two (02) Independent Non-Executive Directors.
9.8.3 & 9.8.5	The Board of Directors of listed entities shall require: (a) Each Independent Director to annually submit a signed and dated declaration of their "independence" or "non-independence" (b) Annually assess the "independence" or "non-independence "of each Independent Director based on their declaration and other available information (c) If the Board finds that the independence of an Independent Director is compromised according to the criteria in Rule 9.8.3, it should immediately issue a market announcement regarding this determination.	Yes	Please refer the Directors' Independence
9.9	Requirements to be complied in relation to the Alternative Director	Not Applicable	
9.10.1	Policy on the maximum number of directorships it's Board members shall be permitted to hold.	Yes	Policy disclosed in the Code of Business Conduct and Ethics section of the Annual Report
9.10.2	Listed entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following; (i) a brief resume of such Director; (ii) his/her capacity of directorship; and (iii) Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity	Yes	Company published market announcement for the all-new director appointments

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

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

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

Rule	Requirement	Compliance Status	Details
9.13.3	Composition 1 The members of the Audit Committee shall; (a) Comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) Not comprise of Executive Directors of the Entity. 2 The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. 3 The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. 4 An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. 5 Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. 6 The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.	Yes	Please refer the Audit Committee Report and Directors' Profiles
9.13.4	Functions of the Audit Committee	Yes	Please refer the Audit Committee Report
9.13.5	Disclosures in Annual Report	Yes	Please refer the Audit Committee Report
9.14	Board Related Party Transactions Review Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.1	Listed entities shall have a Related Party Transactions Review Committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.2	The Related Party Transactions Review Committee (RPT) shall comprise a minimum of three (03) Directors of the Entity, out of which two (02) members shall be Independent Directors of the Listed Entity. It may also include executive directors, at the option of the Entity. An Independent Director shall be appointed as the Chairperson of the Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.3	Functions of the Related Party Transaction Review Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.4	Compliance for the general requirements set out in the rule	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.5	Rule of Reviewing of Related Party Transactions by the Related Party Transactions Review Committee	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.14.6	Shareholder Approval for the transactions as Specified by the Rules 9.14.6.(1) - 9.14.6.(3) - 9.14.9	Yes	No Transactions were occurred as specified in Sections 9.14.6, 9.14.9
9.14.7	Disclosures	Yes	Entity has been made relevant disclosures as required by the section.

Rule	Requirement	Compliance Status	Details
9.14.8	Disclosures in Annual Report	Yes	Please refer the Report of the Related Party Transactions Review Committee
9.17 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Yes	Report of the Directors
9.17 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Corporate Governance Note
9.17 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to listing rules and applicable capital market provisions	Yes	Report of the Directors
9.17 (iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the entity operates	Not Applicable	Corporate Governance

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

Voluntarily provisions

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1	An Effective Board should direct, lead and control the company		
A.1.1	The board should meet regularly. Board meetings should be held at least once in every quarter of a financial year	Yes	The Board generally meets on monthly basis. Accordingly, 12 Board Meetings were scheduled annually to determine the Company's strategic direction, review the Company's operational and financial performances and to provide insight. Apart from taking decisions at Board meetings, the Board also takes decisions via circular resolutions which are required to be signed by all the Directors. The attendance at Board meetings held during the financial year is set out on Board and subcommittee meeting attendance
A.1.2	Role and Responsibilities of the Board	Yes	Role and responsibilities of the Board is set out in the Board of Directors section.
A.1.3	The board collectively, and directors individually, must act in accordance with the laws of the country. Independent professional advice	Yes	The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. A procedure has been established for Directors to seek independent professional advice from external parties when necessary at the expense of the Company. There were instances during the financial year under review that Board members sought such advice which were attended to by the Company.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.1.4	Access to advise and services of the Company Secretary	Yes	The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with. The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties. The appointment and removal of the Board Secretary is a decision taken by the Board as a whole.
A.1.5	All directors should bring independent judgment to bear, in discharging their duties and responsibilities.	Yes	The Directors exercise independent judgment in all decisions pertaining to strategy, performance, resource allocation and standards of business conduct. Non-Executive Directors are responsible for bringing independent and objective judgment and scrutinizing the recommendations/ proposals made by the corporate management led by the Chief Executive Officer on issues of strategy, performance, resource utilization and business conduct.
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	The members of the Board dedicate adequate time and effort to fulfill their duties and responsibilities as Directors of the Company. In addition to attending Board meetings, they have attended Sub-Committee meetings and have also contributed to decision making through circular resolutions where necessary. The composition of Board Sub-Committees and meeting attendance are mentioned under Board and subcommittee meeting attendance.
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Any Director can call for a resolution to be presented to the Board if deemed necessary.
A.1.8	Board induction and Training	Yes	The Board recognizes the need for continuous training and expansion of knowledge and undertakes such professional development as they consider necessary in assisting them to carry out their duties as Directors. Directors are therefore encouraged to participate in continuous professional and self-development activities. In addition, an induction programme is in place for newly appointed Directors to familiarize them with the Company's business operation and internal control system.
A.2	Chairman and CEO	Yes	There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions. The roles of the Chairman and CEO are segregated. The Chairman's main responsibility is to lead, direct and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The CEO is responsible for the day-to-day operations of the Company.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.3	Chairman's role in preserving good corporate governance	Yes	The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function. The Chairman chairs the Board and facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company.
A.4	Availability of financial acumen	Yes	The Board should ensure the availability within those with sufficient financial acumen and knowledge to offer guidance on matters of finance. The Board is equipped with members having sufficient financial acumen and knowledge. Directors' qualification and experience are set out in the Board of Directors.
A.5	Board Balance	Yes	There should be a balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision-making. The Board Comprises of 02 Executive Directors and 03 Non-Executive Directors. Each of them brings vast experience and the ability to exercise independence and judgment when taking informed decisions.
A.5.1	The Board should include sufficient number of NEDs	Yes	The Board consists of the majority of NEDs where 3 are NEDs out of 5.
A.5.2	If the Board includes only 3 NEDs, they should be independent	Not Applicable	
A.5.3	Independence of Directors	Yes	Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.4	Annual declaration of independence by Directors	Yes	Independent Directors have submitted written declarations of their independence as required by Schedule C of the Code and Section 9.8.5 (a) of the Listing Rules.
A.5.5	Annual determination of independence of NEDs	Yes	The Board considers Non-Executive Directors' independence on an annual basis and concludes for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.
A.5.6	Alternate Directors	Not Applicable	
A.5.7 & A.5.8	Senior Independent Director (SID)	Yes	A Senior Independent Director (SID) has been appointed by the Board as the Chairman and the Managing Director are close family members and Chairman being an Executive Director.
A.5.9	The chairman should hold meetings with the non-executive directors	Yes	Periodic meetings held without Executive Directors present.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.5.10	Recording of dissent in minutes	Yes	All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes with sufficient details.
A.6	Supply of Information	Yes	Management should provide time-bound information in a form and of quality appropriate to enable the Board to discharge its duties. Financial and non-financial information are analysed and presented to the Board to make informed and accurate decisions.
A.7	Appointments to the Board and Re-election	Yes	A formal and transparent procedure should be followed for the appointment of new Directors to the Board. The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board.
A.7.1	Nomination Committee and composition	Yes	Refer to Nomination Committee Report.
A.7.2	Annual assessment of Board composition	Yes	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.
A.7.3	A succession plan for the Chief Executive Officer and all key management	Yes	A formal succession plan is in place and reviewed regularly.
A.7.4	Disclosures on appointment of new directors	Yes	Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director.
A.7.5.	Nomination Committee Report	Yes	Refer to Nomination Committee Report.
A.8	Directors to submit themselves for re-election	Yes	All Directors should submit themselves for re-election at regular intervals and at least once in every three years, and all Non-Executive Directors should be appointed for a specific term and subject to re-election.
A.8.2	All directors should be subject to election by shareholders at the first opportunity after their appointment	Yes	All directors are elected at the first opportunity and re-elected every three years in accordance with the Articles of Association.
A.9	Appraisal of Board and sub-Committee Performances	Yes	The Board should periodically appraise its own performance against the pre-set targets to ensure that the Board responsibilities are satisfactorily discharged. The Board carries out an evaluation of its performance in the discharge of its key responsibilities. Each member of the Board and Board Sub- Committees carried out a self-assessment of his own effectiveness as an individual as well as effectiveness of the Board as a team.
A.10	Annual Report to disclose specified information regarding Directors	Yes	Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders and disclosed under the Board of Directors.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
A.11	Appraisal of the CEO	Yes	The Board of Directors should at least annually assess the performance of the Chief Executive Officer. At the commencement of each financial year, the Board, in consultation with the Managing Director sets financial and non-financial goals based on the short, medium and long-term objectives of the Company.
B.	**Directors' Remuneration**		
B.1	Establish process for developing policy on executive and director remuneration.	Yes	The Remuneration Committee makes recommendations to the Board regarding a remuneration policy for the Executive Directors and the corporate management team that is consistent with the objectives of the Company.
B.2	Level and Make Up of Remuneration	Yes	The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient to attract and retain the quality of Directors needed run the Company. The remuneration package of the Chief Executive Officer is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.
B.2.2	Remuneration committee and composition	Yes	The "Report of the Remuneration committee" which covers all areas of this Section.
B.2.6	Position levels of remuneration of the company	Yes	The "Report of the Remuneration committee" which covers all areas of this Section.
B.3	Disclosures related to remuneration in Annual Report - Remuneration Policy statement - Aggregate Board remuneration paid - HRRC report	Yes	The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole. Remuneration Policy is disclosed in the Report of the Remuneration Committee. The total remuneration paid to the Directors is disclosed in Notes to the Financial Statements.
C	**Relations with Shareholders**		
C.1	Constructive use of the AGM and Other General Meetings	Yes	The Notice of the Annual General Meeting and the relevant documents are published and dispatched to the shareholders 15 working days prior to the meeting as required by Section 135(1) of the Companies Act No. 7 of 2007. The Company proposes a separate resolution for each item of business at the Annual General Meeting giving shareholders the opportunity to vote on each issue separately.

Code Ref.	Requirement	Status of Compliance	Level of Compliance/ Reference within the Report
C.2	Communication with shareholders	Yes	The Company disseminates information pertaining to the performance of the Company through the publication of the Interim Financial Statements and the Annual Report in a timely manner. Information is provided to the shareholders prior to the Annual General Meeting to give them an opportunity to raise any issues relating to the business of Kelani Cables PLC, either verbally or in writing prior to the Annual General Meeting. Immediate announcements are also made to the Colombo Stock Exchange on any information which is considered price sensitive. The Company Secretary could be contacted in relation to any shareholder matter.
C.3	Disclosure of major and material transactions	Yes	The Directors ensure that any transaction that would materially affect the net asset base of the Company or Group is communicated to the shareholders and required approvals are obtained in accordance with the Statutes. There were no major or material transactions during the year, which materially affected the net asset base of the Company.
D.	Accountability and Audit		
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Yes	Kelani Cables PLC has reported a true and fair view of its financial position and performance for the year ended 31st March 2026 and at the end of each quarter of 2025/26 financial year.
D.1.1	Balanced Annual Report	Yes	The Board ensures that the quarterly and annual Financial Statements of the Company are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange. The responsibility statement of the Chairman and CFO has been set out declaring that the financial records of the Company have been properly maintained and are following relevant accounting standards and that the system of risk management and internal control operates effectively.
D.1.2	Balanced and understandable communication	Yes	
D.1.3	CEO/CFO declaration	Yes	
D.1.4	Directors' Report declarations	Yes	The "Report of the Board of Directors" which covers all areas of this Section.
D.1.5	Financial reporting -statement on board responsibilities Statement on internal control	Yes	The declarations required to be made by the Board are given in the Annual Report of the Board of Directors. "Statement of Directors' Responsibilities in relation to Annual Financial Statements" in preparation of the Financial Statements and the "Independent Auditors' Report"
D.1.6	Management Discussion & Analysis	Yes	A Management Discussion and Analysis.
D.1.7	Net Assets < 50%	Not Applicable	In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. Likelihood of such an occurrence is remote.

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

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

SLFRS S1 & S2 DISCLOSURE

BASIS OF PREPARATION

Reporting Entity

Kelani Cables PLC ('the Company') is a public listed liability company incorporated and domiciled in Sri Lanka. This report covers Sustainability-related disclosures and climate related disclosures. that affects the Company's operations. This report is prepared by Kelani Cables PLC for the financial year ended 31.03.2026 in accordance with SLFRS S1 & SLFRS S2 issued by the Institute of Chartered Accountants of Sri Lanka. Further the disclosures are covered under main 04 contents of Governance, Strategy, Risk Management & Metrics & Targets as required by SLFRS S1 & S2.

Sources of guidance

- SLFRS S1-General requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2- Climate-related disclosures

SLFRS S1 and S2 issued by the Institute of Chartered Accountants of Sri Lanka is aligned with IFRS S1 & S2 issued by the International Sustainability Standard Board (ISSB)

Time Horizon

Kelani Cables PLC is defined the time horizon in following manner

Short -Term	Medium -Term	Long -Term
1 year	2-3 years	3+ years

Transitional relief

Since the SLFRS S1 and SLFRS S2 are being implemented in Sri Lanka for the first time Kelani Cables PLC applies all available following transitional reliefs for the purpose of reporting

- Kelani Cables PLC has decided to disclose information relating only to climate- related risk & opportunities
- The company is not required to disclose comparative information in relation to climate-related disclosures during first year of adoption
- The company does not disclose scope 3 greenhouse gas emissions.

Organization Boundary & Value Chain

The disclosure cover the company's business operation, manufacturing facilities, warehouses, distribution network which is essential for the business.

The company also discloses the information pertaining to upstream & downstream value chain. The extent of the value chain information to disclose are determined based on the availability and reliability of the information.

- Our upstream activities comprise of Procurement of raw materials. Our main raw materials include copper, aluminium, PVC compound etc. from both import and local suppliers
- Our Manufacturing facilities are located in Wewalduwa Kelaniya & Siyambalape
- Our downstream activities comprise of institutional market, distribution market, Ceylon Electricity Board, and export markets. In addition, under comprise of XLPE material waste, though challenging to recycle economically, is innovatively repurposed into machine parts and reusable pallets.

Materiality

I the Company consider to determining materiality as described in SLFRS S1 and S2. Accordingly, the information is material, if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures.

Quantitative judgements

The preparation of this report is required to use assumptions, estimates, and significant qualitative judgements related to sustainability-related and climate related risks disclosures.

These qualitative judgements appled in the following areas

- In determining Scope 01 and Scope 02 greenhouse gas emissions
- Calculation of emissions related to fuel consumption, energy consumption.

Qualitative Judgements

The company exercise qualitative judgement in determining the scope, and presentation of sustainability -related and climate related disclosures.

The following qualitative judgements applied

- Identify and prioritize sustainability-related and climate-related risks and opportunities
- Determination of reporting boundary
- Company's risk management and risk mitigation actions related to sustainability-related risks and climate-related risks.

Significant Judgement and uncertainties

Due to the limitations of availability of data sources, it's consistency across the operations, Kelani Cables PLC applies professional judgement and take into consideration the assumptions when disclosing the sustainability-related and climate-related risks and opportunities,

The Professional Judgement and assumptions were applied in following areas

- Determination of reporting boundary and value chain activities.
- Identifying and prioritize sustainability-related and climate-related risks and opportunities
- Determination of time horizon for the assessment of risk

Functional Currency

Kelani Cables PLC's functional currency is Sri Lankan Rupees. Which is also the reporting currency of the company. All disclosures related to SLFRS S1 & S2 are made in Sri Lankan Rupees which covers the business operation.

GOVERNANCE

The board of directors of Kelani Cables PLC, holds the ultimate responsibility of managing sustainability & climate related risk and opportunities. The board oversight is supported by ESG steering committee and the governance structure is aligned in accordance with the skills and expertise in the sustainability and climate related matters to respond to sustainable and climate related risk and opportunities as required by SLFRS S1 & S2.

The Board of Directors

The board of directors hold the ultimate responsibility for ESG-related risk and opportunities The Board Shall

- Provide the overall strategic direction and how ESG-related risk and opportunities are formulate to company's business strategy.
- Monitor the effectiveness of risk management systems in place and internal controls and align to ESG strategy.

The ESG Management Committee

During the financial year, ESG Management committee was appointed and covering various department such as Production, Stores, Marketing, Finance, Supplies, Technical, Maintenance & Engineering etc. The ESG Management committee conduct awareness sessions to company senior management and encourage employees to participate ESG related training sessions organized by the Institute of Chartered Accountants of Sri Lanka for further strengthen the employee awareness on importance of sustainability and climate related risk & opportunities.

Reporting Frequency

The Board receives the updates on sustainability & climate related risk and opportunities on quarterly basis from ESG Management committee.

STRATEGY

Kelani Cables PLC identify various sustainability and climate -related risk and opportunities that affects various stakeholders such as employees, customers, community, and use various strategies to manage sustainability & climate related risk.

How we define time horizon

For the purpose of identify and assessing climate-related risks and opportunities Kelani Cables PLC has defined the following time horizons. These are consistent with our strategic planning, asset management, and capital allocation process

Short Term	1 year	Reflects our annual operational budget and customer contract cycle. This is the period over which we forecast cash flows and managing working capital
Medium Term	2-3 years	Reflect the useful economic life of our production machinery. Major CAPEX decisions are made within this window
Long Term	3+ years	Reflects the life of our manufacturing facilities, long term demand shift for cables.

Risk	Time Horizon	Risk Category	Mitigation Action
Mental and physical stress on employees in workshops and the field due to rising temperatures	Medium Term	Physical - Chronic	Create a properly ventilated work environment
Sea level rise impacts on certain market destinations (Maldives)	Medium Term, Long Term	Physical - Chronic	Geographic diversification of the market
Upstream and downstream transportation disruption by extreme weather events	Short Term	Physical - Acute	Moving cargo through alternative routes Holding services temporarily to prevent accidents and to protects people and property
Damage to infrastructure, finished goods, and raw materials due to extreme weather events	Short Term	Physical - Acute	Build climate-resilient infrastructure
Enforced new stricter climate related laws and regulations	Medium Term, Long Term	Transition	Anticipate regulatory changes and plan ahead to reduce environmental impact

RISK MANAGEMENT

Kelani Cables PLC identifies Sustainability-related and climate-related risks are pivotal factors that influence the company long -term resilience, and strategic direction. Accordingly, climate-related risks are considered within the enterprise risk management framework.

Process for sustainability & Climate- Related Risks

Kelani Cables PLC identifies, assesses, priorities and monitors the risk via enterprise risk management framework across the organization.

Climate- related scenario analysis

Kelani Cables PLC does not currently carry out scenario analysis to inform sustainability & climate-related risks. However Kelani Cables PLC intend to integrate scenario analysis methodologies in coming years

SLFRS S1 & S2 DISCLOSURE

Risk Monitoring

Climate-related physical and transition risks continue to influence the Company's long-term performance and strategic outlook. Increasing sustainability regulations, environmental policies, and stakeholder expectations are reshaping business environments and market dynamics. As economies transition towards more sustainable and low-carbon models, the Company remains focused on proactively managing emerging risks while capitalizing on opportunities that support sustainable growth and long-term value creation

Risk Mitigation actions

- Continuously assess sustainability and climate-related risks and opportunities.
- Ensuring compliance with sustainability and climate-related reporting requirements.
- Integrate ESG considerations into strategic and operational decision-making.
- Expand the use of renewable energy sources, including solar power.
- Monitor compliance with evolving environmental regulations and reporting standards.
- Conduct periodic reviews to identify emerging sustainability risks and opportunities.

METRICS & TARGETS

Scope 1 GHG emissions 1,122.73 tCO_2e

Copper, Aluminium, PVC waste 100% sent to recycling

Scope 2 GHG emissions 2,298.92 tCO_2e

Water withdrawn from dug well 3,569 m^3

Total GHG emissions 3,421.65

Water withdrawn from municipal supply 10,494 m^3

Total solar energy generated 1,323,612 kWh

Total water withdrawn 14,063 m^3

TARGETS

Climate related targets will be set and link to KPI's and monitors in coming years.

Statement of Compliance

The report contains sustainability-related and climate-related disclosures of Kelani Cables PLC as at 31.03.2026.

These disclosures have been prepared in accordance with SLFRS S1 & S2 issued by the Institute of Chartered Accountants of Sri Lanka, incorporating all applicable transitional reliefs chosen by the company during first year of adoption

The report has been prepared based on the available information as at reporting date and reflects the Kelani Cables PLC's current sustainability-related governance structures, risk management process, and strategies adopted.

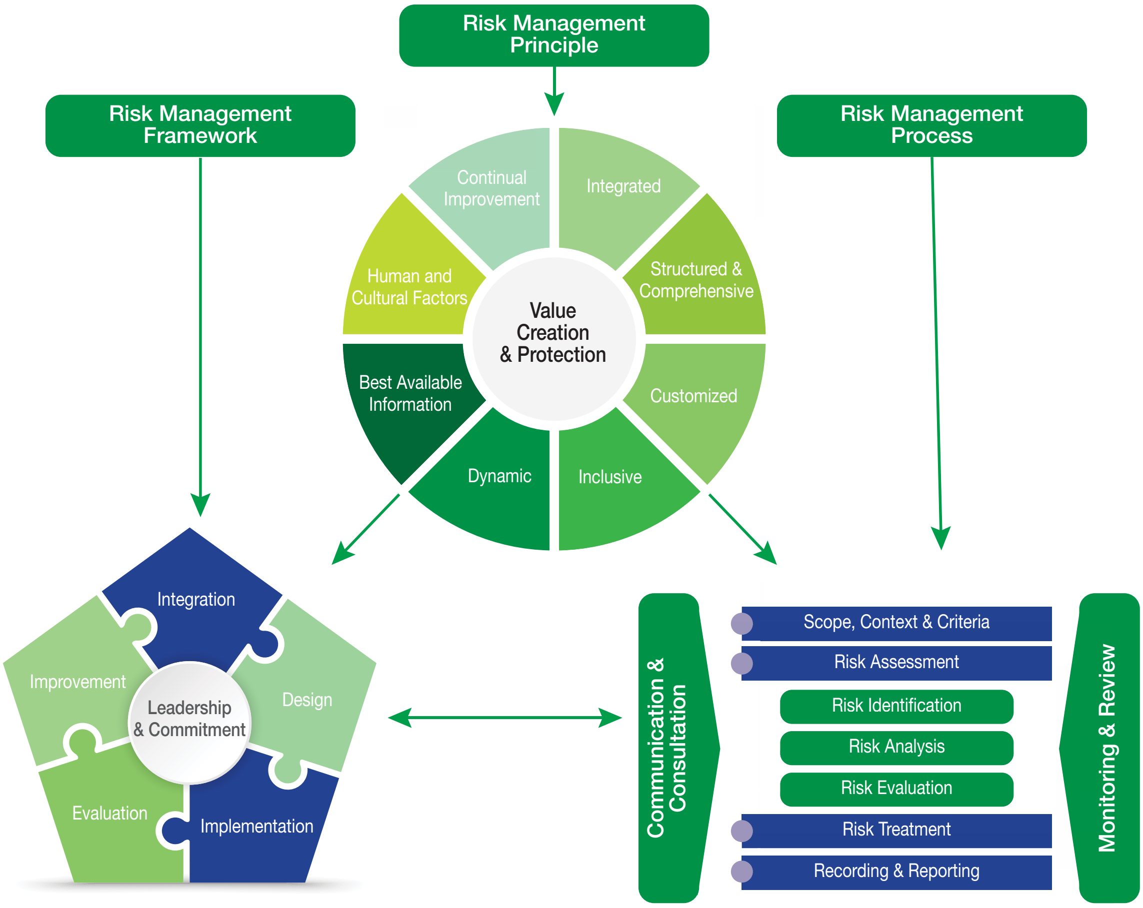
RISK MANAGEMENT

Kelani Cables PLC is committed to maintaining a robust Enterprise Risk Management (ERM) framework that supports the achievement of its strategic objectives while safeguarding long-term value creation. The Company systematically identifies, assesses, and manages risks across the organization to achieve an optimal balance between risk and opportunity, while remaining responsive to evolving internal and external business conditions.

As the market leader in Sri Lanka's cable industry, the Company integrates risk and opportunity considerations into strategic and operational decision-making, enabling proactive responses to emerging challenges and the effective pursuit of growth opportunities.

In line with its commitment to sustainable value creation, the Company continues to strengthen its risk management practices by incorporating sustainability and climate-related risks in accordance with the principles of ISO 31000 and the emerging disclosure requirements of SLFRS S1 and SLFRS S2. This structured approach enhances governance, strengthens risk identification and mitigation processes, and supports the Company's long-term operational and financial resilience. Further details on the Company's sustainability reporting journey are presented on pages 82 to 84 of this Annual Report.

PRINCIPLES, FRAMEWORK, AND RISK MANAGEMENT PROCESS OF ISO 31000



The ISO 31000 guidelines provide a statement of risk management principles.

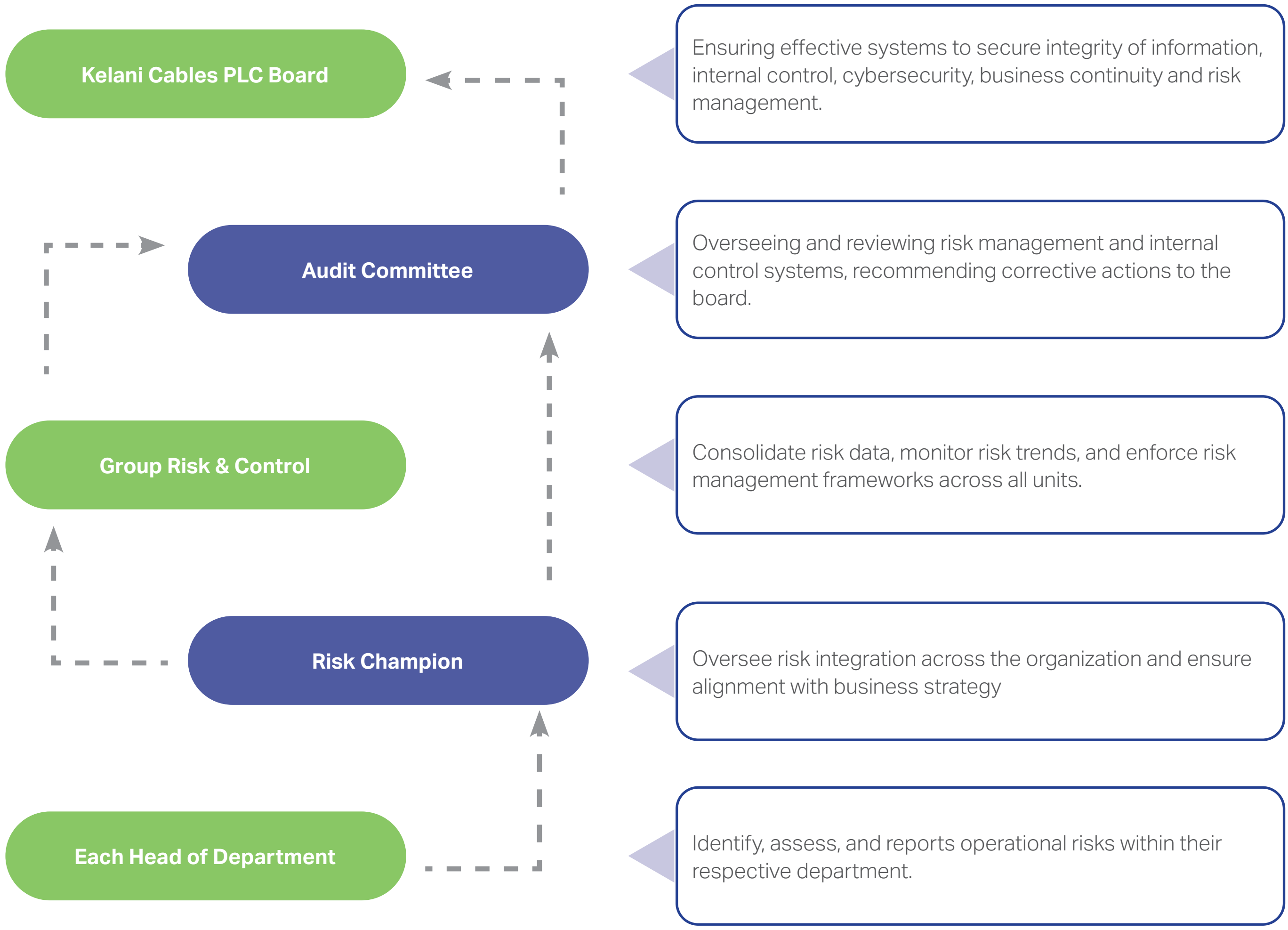
The eight principles are described below:

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

The first five principles focus on the design and integration of an effective risk management framework, while the remaining three guide its operation, evaluation, and continuous enhancement.

RISK MANAGEMENT

RISK MANAGEMENT REPORTING STRUCTURE OF THE KELANI CABLES PLC



Approach to risk management

Kelani Cables PLC adopts a hybrid risk management approach, integrating both top-down and bottom-up methodologies to ensure comprehensive risk identification and assessment across the organization. Strategic risks are identified by the Board of Directors and Senior Management, while operational risks are identified at the business unit level, ensuring alignment between corporate objectives and day-to-day operations.

The Board has delegated oversight of the risk management framework to the Audit Committee. The independent Risk and Control Department provides regular risk assessments and reporting to the Audit Committee, reinforcing effective governance, transparency, and objective oversight. Risks are reviewed quarterly to assess their significance, monitor the effectiveness of mitigation measures, and ensure the risk profile remains aligned with the Group's strategic objectives.

Risk Management Structure

Kelani Cables PLC adopts the Three Lines of Defense model as part of its corporate governance framework to strengthen risk management and internal control. The first line of defense comprises operational management and employees, who are responsible for identifying, assessing, and managing risks within their respective functions while maintaining effective internal controls. The second line consists of management, which provides oversight through the establishment of risk management frameworks, policies, and compliance monitoring. The third line comprises the Board of Directors, the Audit Committee, and the Risk & Control Department, which provide independent assurance on the effectiveness of the Group's risk management, governance, and internal control processes.

THREE LINES OF DEFENSE MODEL

THIRD LINE OF DEFENSE	• Board of Directors • Audit Committee • Risk & Control Team	Provides independent assurance on the effectiveness of risk management and internal control systems. Findings and recommendations are reported to the Audit Committee.

ASSURANCE & REPORTING

SECOND LINE OF DEFENSE	• Senior Management	Establishes risk management policies and frameworks, provides oversight, monitors compliance, and supports effective risk management across the organization.

OVERSIGHT & MONITORING

FIRST LINE OF DEFENSE	• Operational Management Employees	Identify, assess, manage, and mitigate risks within day-to-day operations while maintaining effective controls and ensuring adherence to policies and procedures.

Collectively, the Three Lines of Defense create a strong governance framework that supports the achievement of our strategic objectives and safeguards value for our stakeholders.

RISK EVALUATION AND MAPPING

The Risk Heat Map has been developed based on an assessment of each risk's likelihood of occurrence and potential impact. Risk likelihood is evaluated using a comprehensive approach that incorporates historical trends, the effectiveness of existing controls, and prevailing local and global conditions, including geopolitical developments, economic volatility, and other emerging risk factors. Risks are classified into five likelihood categories: Rare, Unlikely, Moderate, Likely, and Almost Certain.

Risk impact is assessed through both qualitative and quantitative analysis, considering the potential consequences for the Company and its stakeholders. Based on this assessment, risks are categorized as Insignificant, Minor, Moderate, Major, or Extraordinary.

The Risk Heat Map, together with the corresponding mitigation strategies and action plans, is reviewed regularly by the Audit Committee as a standing agenda item to ensure ongoing oversight and effective risk management.

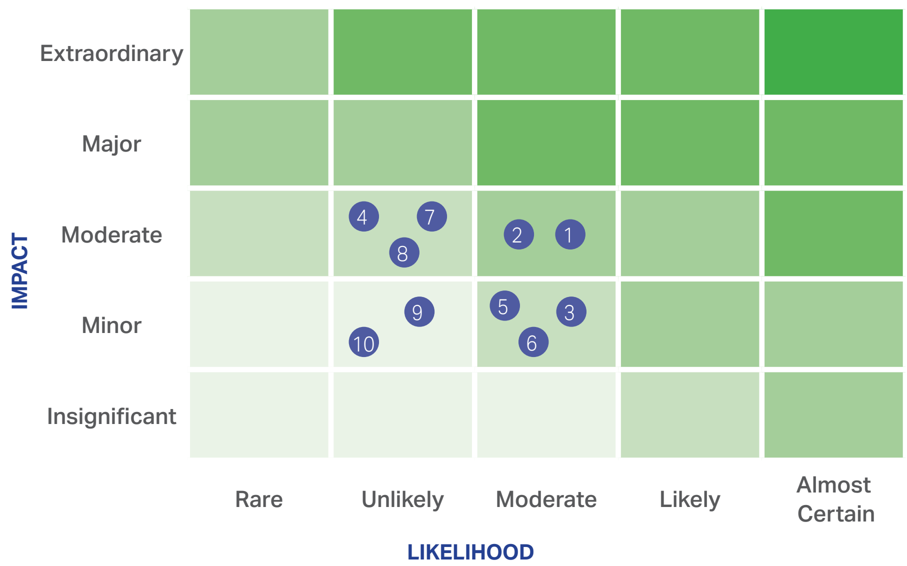
THE RISK MATRIX

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

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

FUTURE OUTLOOK

Kelani Cables PLC maintains a robust risk management framework to effectively identify, assess, and manage existing and emerging risks that may impact the achievement of its strategic and operational objectives. The Risk Heat Map below illustrates the Company's principal risk drivers over a one-year horizon (FY 2025/26), assessed based on their likelihood, potential impact, and anticipated future movement. These risks are interrelated and should not be considered in isolation, as the occurrence of one risk may influence or amplify the effects of others.

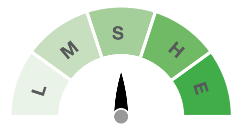


1. Supply Chain Risk
2. Country Risk
3. Exchange Rate Risk
4. Operational Risk
5. Information Technology and Cyber Security Risk
6. Human Resource Risk
7. Credit Risk
8. Business Probity Risk
9. Health & Safety Risk
10. Sustainability and Climate-Related Risk

SNAPSHOT OF KEY RISKS & MITIGATION STRATEGIES

1. Supply Chain Risk

Risk Rating - Significant



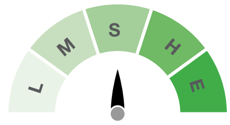
Supply Chain risk refers to the potential for disruptions that may impact the timely availability, quality, and cost of raw materials, components, and logistics services, thereby affecting the Company's operational continuity and overall business performance.

Mitigation Measures

- Diversify and strengthen the supplier base to reduce dependency on individual suppliers and enhance supply chain resilience.
- Maintain adequate safety stock levels of critical raw materials to support uninterrupted production and mitigate supply disruptions.
- Establish long-term strategic partnerships with key suppliers through framework, fixed-price, or volume-based agreements to improve supply security, cost predictability, and business continuity.
- Continuously monitor supplier performance, market conditions, and emerging supply chain risks to facilitate proactive risk management and timely mitigation.

2. Country Risk

Risk Rating - Significant



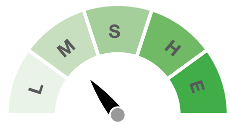
Adverse changes in the external operating environment arising from political, economic, social, technological, environmental, and legal (PESTEL) factors may negatively impact the Company's operations and financial performance. Such developments could result in increased operating costs, supply chain disruptions, evolving regulatory requirements, changing customer demand, rapid technological advancements, environmental challenges, and broader macroeconomic uncertainties.

Mitigation Measures

- Perform periodic PESTEL assessments to identify emerging external risks and opportunities, supporting strategic planning and informed decision-making.
- Monitor changes in the regulatory and legislative environment to ensure timely compliance and proactive adaptation to evolving requirements.
- Maintain constructive engagement with government authorities, regulators, and industry bodies to stay abreast of policy, regulatory, and industry developments.
- Continuously monitor macroeconomic conditions and market trends to enhance organizational resilience and preparedness for external challenges.

3. Exchange Rate Risk

Risk Rating - Moderate



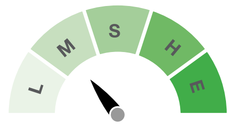
The Company is exposed to foreign exchange risk due to fluctuations in the USD/LKR exchange rate, as a significant proportion of key raw materials, including copper and other strategic inputs, are imported and denominated in foreign currencies.

Mitigation Measures

- Continuously monitor macroeconomic conditions, regulatory developments, and government policy changes to proactively assess potential business impacts and support informed strategic decision-making.
- Maintain an appropriate foreign currency liquidity buffer to ensure the timely settlement of critical international obligations and enhance financial resilience.
- Monitor global geopolitical developments and emerging trade-related risks to anticipate potential disruptions to international trade, foreign exchange stability, and supply chain continuity.

4. Operational Risk

Risk Rating - Moderate



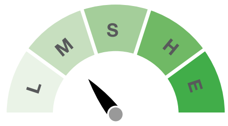
Operational risk refers to the potential for losses or disruptions arising from inadequacies or failures in the Company's internal processes, people, systems, or external events. Effective management of operational risk is integral to maintaining business continuity, strengthening internal controls, enhancing operational resilience, and supporting the achievement of the Company's strategic objectives through a robust governance and risk management framework.

Mitigation Measures

- Strengthen the Enterprise Risk Management (ERM) framework through a structured and integrated risk management approach.
- Periodically assess the effectiveness of key controls over critical business processes and high-risk areas.
- Monitor compliance with applicable laws, regulations, internal policies, and governance requirements.
- Perform risk-based system and process control reviews in line with the approved Internal Audit Plan.
- Maintain and periodically test the Business Continuity Plan (BCP) to enhance operational resilience.
- Foster a strong risk-aware culture through continuous awareness, training, and accountability initiatives.

5. Information Technology and Cyber Security Risk

Risk Rating - Moderate



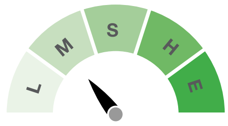
The risk of operational disruption, financial loss, regulatory non-compliance, and reputational damage arising from information system failures, processing errors, cybersecurity incidents, or unauthorized access to, misuse of, or compromise of the Group's information systems and data.

Mitigation Measures

- Develop, implement, and periodically review the Business Continuity Management (BCM) framework, including Disaster Recovery (DR) capabilities, to strengthen organizational resilience and ensure continuity of critical business operations.
- Enhance the organization's cybersecurity posture through the continuous strengthening of information security controls to mitigate evolving cyber threats and safeguard critical information assets.
- Conduct independent third-party security assessments and vulnerability evaluations to identify emerging risks and drive continuous improvement of the IT control environment.
- Strengthen vendor governance by effectively managing service agreements to ensure reliable technology support, system availability, and ongoing maintenance of critical IT infrastructure.
- Maintain and continuously enhance the effectiveness of IT General Controls (ITGCs) to support secure, reliable, and compliant technology operations across the organization.

6. Human Resource Risk

Risk Rating - Moderate



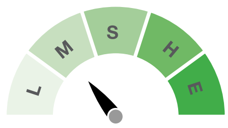
The inability to attract, develop, retain, and effectively succession-plan critical talent and leadership personnel may adversely affect the Group's operational resilience, leadership continuity and strategic execution. The loss of key employees could result in the erosion of institutional knowledge, capability gaps, increased talent acquisition costs, reduced operational efficiency, and weakened long-term competitiveness.

Mitigation Measures

- Maintain a performance-based evaluation and reward system to retain and motivate talent.
- Foster strong employee relations through regular engagement and the Joint Consultative Committee (JCC).
- Provide employee welfare benefits to enhance well-being and satisfaction.
- Conduct training and development programmes to strengthen employee capabilities.
- Implement a structured succession planning process to ensure leadership continuity.

7. Credit Risk

Risk Rating - Moderate



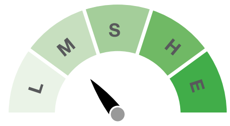
The Company is exposed to the risk of financial loss arising from customers' inability or failure to settle outstanding receivables within agreed credit terms. Delayed collections or payment defaults by dealers, distributors, and export customers may adversely impact liquidity, operating cash flows, and profitability through increased impairment provisions.

Mitigation Measures

- Ensure consistent compliance with the Company's approved credit policies, procedures, and delegated authority framework.
- Strengthen credit risk oversight through continuous monitoring and proactive management of customer credit exposures.
- Mitigate potential credit losses by securing credit exposures through appropriate financial instruments, including bank guarantees and other approved security arrangements.
- Conduct periodic reviews of customer credit facilities and payment terms to ensure alignment with evolving risk profiles, creditworthiness, and the Company's risk appetite.

8. Business Probity Risk

Risk Rating - Moderate



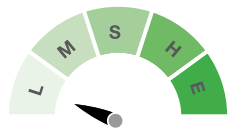
The Company is exposed to the risk of unethical conduct, including fraud, bribery and corruption, conflicts of interest, financial misstatements, and management misconduct, which may undermine corporate integrity, compromise regulatory compliance, and adversely impact reputation, financial performance, stakeholder trust, and long-term value.

Mitigation Measures

- Strengthening the internal control framework by continuously identifying and mitigating areas vulnerable to fraud, misconduct, and operational risks.
- Embedding a culture of integrity and accountability through the effective implementation and adherence to the Company-wide Code of Ethics and Conduct.
- Conducting proactive fraud risk assessments to identify emerging threats, evaluate control effectiveness, and implement appropriate mitigation measures.
- Performing risk-based internal audits and targeted reviews focusing on high-risk areas to enhance control effectiveness and prevent fraud and malpractices.
- Maintaining a formal whistleblowing mechanism to facilitate confidential reporting of unethical conduct, control weaknesses, and other concerns while ensuring appropriate investigation and resolution.

9. Health and Safety Risk

Risk Rating - Low



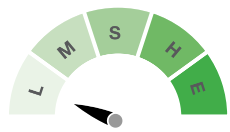
The risk of injury, occupational illness, or adverse health impacts to employees, contractors, visitors, and other stakeholders arising from workplace hazards, unsafe work practices, equipment failures, or operational activities, potentially resulting in operational disruption.

Mitigation Measures

- Conduct periodic health and safety assessments to evaluate the effectiveness of existing controls and drive continuous improvement across operations.
- Ensure the effectiveness of health and safety initiatives through ISO certifications and other relevant accreditations.
- Ensure ongoing compliance with applicable health, safety, and regulatory requirements through robust governance, monitoring, and compliance management processes.

10. Sustainability and Climate-Related Risks

Risk Rating - Low



Climate-related physical and transition risks continue to influence the Company's long-term performance and strategic outlook. Increasing sustainability regulations, environmental policies, and stakeholder expectations are reshaping business environments and market dynamics. As economies transition towards more sustainable and low-carbon models, the Company remains focused on proactively managing emerging risks while capitalizing on opportunities that support sustainable growth and long-term value creation.

Mitigation Measures

- Continuously assess sustainability and climate-related risks and opportunities.
- Ensuring compliance with sustainability and climate-related reporting requirements.
- Integrate ESG considerations into strategic and operational decision-making.
- Expand the use of renewable energy sources, including solar power.
- Monitor compliance with evolving environmental regulations and reporting standards.
- Conduct periodic reviews to identify emerging sustainability risks and opportunities.

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

Kelani Cables PLC recognizes climate change and sustainability-related developments as important factors influencing the Company's long-term resilience, strategic direction, and value creation. Climate-related risks and opportunities are considered within the Company's enterprise risk management framework to proactively manage emerging challenges while capitalizing on opportunities arising from the transition towards a sustainable and low-carbon economy.

PHYSICAL RISKS

Acute Physical Risks: Extreme Weather Events

Heavy rainfall, flooding, and storms are identified as immediate threats that can disrupt manufacturing operations, infrastructure, distribution and supply chain continuity.

Chronic Physical Risks: Long-Term Shifts

Rising temperatures may increase energy costs and employee heat stress, requiring greater energy efficiency and resource optimization, while sea-level rise may disrupt market access and business continuity in vulnerable destinations such as the Maldives.

TRANSITION RISKS

Regulatory and Compliance

The potential introduction of carbon. taxes and stricter emission standards may increase operational costs and compliance requirements.

Technological & Market Dynamics

Rapid advancements in sustainable technologies and growing demand for eco-friendly products may require the Company to continuously innovate and adapt its product portfolio to remain competitive and relevant.

CLIMATE-RELATED OPPORTUNITIES

Resource Optimization and Cost Reduction

Improving energy efficiency across operations serves as a direct pathway to lowering costs while enhancing environmental performance.

Sustainable Product Development

The Company identifies growth potential in developing sustainable products and solutions that align with the evolving environmental requirements of its customers

Renewable Energy Integration

Exploring cleaner technology and renewable energy solutions is a key pillar for improving the company's long-term environmental footprint.

THE TRIPLE BOTTOM LINE APPROACH

Economic Value Creation

Focuses on strengthening operational efficiency, innovation, and risk management to ensure long-term competitiveness.

Environmental Responsibility

Promotes responsible resource consumption, waste reduction, and sustainable manufacturing practices across all facilities.

Social Responsibility

Prioritizes employee well-being, ethical conduct, stakeholder engagement, and positive community contributions.

AUDIT COMMITTEE REPORT

ROLE OF THE AUDIT COMMITTEE

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

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

- The integrity and accuracy of the Company's financial reporting.
- The effectiveness of internal control and risk management systems.
- Compliance with statutory and regulatory frameworks.
- Oversight of the performance, independence, and objectivity of the External Auditors.
- Evaluation of the Internal Audit function, as carried out by the Group Risk & Control Division.
- Oversight of sustainability reporting processes and disclosures, including compliance with SLFRS S1 and SLFRS S2 requirements.
- Oversight of cybersecurity risk and governance.

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

COMPOSITION OF THE AUDIT COMMITTEE

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

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

Further details of the Audit Committee composition changes are given in their report on page 58.

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 2025/2026 as per the annual meeting schedule and the Corporate Governance requirements. Members' attendance at these meetings is set out in the Corporate Governance Report. The Deputy Chairman, Group Chief Financial Officer, Group Head of Risk & Control, Chief Executive Officer and Chief Financial Officer are invited to attend meetings as permanent invitees.

FINANCIAL REPORTING

The Audit Committee considered related matters in respect of the 2025/2026 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

INTERNAL AUDIT, RISKS AND CONTROLS

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

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

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

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

EXTERNAL AUDITORS

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

As a general principle, the external auditors are excluded from consultancy work and cannot be engaged by Kelani Cables PLC for other non-audit work unless there are compelling reasons to do so. Any proposal to use the external auditors for non-audit work must be submitted to the Deputy Chairman, via the Group Chief Financial Officer and Group Head of Risk & Control, for approval prior to appointment.

The Audit Committee, having evaluated the performance of the external auditors, decided to recommend to the Board of Kelani Cables PLC, the re-appointment of

AUDIT COMMITTEE REPORT

Messrs. KPMG, Chartered Accountants as auditors of the Company, subject to the approval of the Shareholders at the Annual General Meeting. Details of the fees payable to external auditors for 2025/2026 can be found in Note 7 to the financial statements.

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

INTERNAL CONTROL SYSTEM

In 2025/2026 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 wrongdoings or other improprieties. All appropriate procedures are in place to conduct independent investigations into incidents reported through this process or if identified through other means. Even anonymous complaints are investigated.

In addition, measures have been put in place to protect whistleblowers who act in good faith in the interest of the Company. The Company undertakes to maintain the utmost confidentiality of staff who raise concerns or make serious specific allegations of malpractices or unethical 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.)

Yudhishtran Kanagasabai
Chairman of the Audit Committee

28 August 2026

REMUNERATION COMMITTEE REPORT

ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible for formulating and reviewing the remuneration policy for Executive Directors and CXOs of Kelani Cables PLC. The Committee conducts an annual review of the policy and recommends any necessary changes to the Board for approval.

In determining remuneration packages, the Committee evaluates company performance benchmarks and industry standards. It is important to note that no Executive Director participates in decisions regarding their own remuneration.

COMPOSITION OF THE REMUNERATION COMMITTEE

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

- Mr. Yudhishtran Kanagasabai – Chairman of the Committee (Independent Non-Executive Director)
- Mr. Deepal Sooriyaarachchi – Member of the Committee (Independent Non-Executive Director)
- Mrs. N.C. Madanayake– Member of the Committee (Non-Executive Director)

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

MEETING AND ATTENDANCE

During the 2025/2026 financial year, the Committee convened twice, adhering to the corporate governance guidelines set by the SEC and CA Sri Lanka. The Committee plans to meet at least biannually to review and provide recommendations to the Board regarding the remuneration of Directors and CXOs.

Members' attendance at meetings of the Remuneration Committee in 2025/2026 is set out in the table below.

Member	No of Meetings
Mr. Yudhishtran Kanagasabai	2 /2
Mr. Deepal Sooriyaarachchi	2 /2
Mrs. N.C. Madanayake	0/2

FUNCTIONS OF THE REMUNERATION COMMITTEE

Key responsibilities undertaken by the Committee during the financial year included:

- Reviewing the Directors' and CXO's remuneration and severance policies,
- Determining Directors' fees
- Conducting a formal evaluation of the Committee's performance, and
- Succession planning of Key Management Personnel.

REMUNERATION POLICY

Remuneration policy of the Kelani Cables PLC is designed to attract, retain, and motivate talent, ensuring the Company's successful management for the benefit of shareholders. The policy includes competitive, performance-linked incentives and rewards.

In determining remuneration levels, the Committee considers:

- Individual performance,
- Benchmarking against peer and industry standards, and
- Reports from specialized consultants.

The Committee ensures that remuneration arrangements for Executive Directors and CXO's align with those for other executives across the Parent company, while maintaining competitiveness with leading companies in the sector.

CONCLUSION

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

On behalf of the Committee

(Sgd.)
Yudhishtran Kanagasabai
Chairman of the Remuneration Committee

28 August 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

OBJECTIVE

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

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

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

COMPOSITION OF THE RELATED PARTY REVIEW COMMITTEE

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

Mr. Deepal Sooriyaarachchi - Chairman of the Committee (Independent Non-Executive Director-Kelani Cables PLC)

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

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

SCOPE OF THE COMMITTEE

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

At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.

The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need of special approval from shareholders and disclosure requirements for such transactions.

The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.

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

ROLE OF THE COMMITTEE

Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.

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

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 transactions.

If a director has a material personal interest in a matter being considered at a directors' meeting to approve a related party transactions, such Director may not be present while the matter is being considered at the meeting or may not vote on the matter.

Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration and circulate the same with the notice of meeting to obtain the shareholder approval.

Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.

Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.

Any concerned transactions, to be highlighted to the Board.

COMMITTEE MEETINGS

Four Committee meetings were held during the financial year 2025/2026 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 58.

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.

On behalf of the Committee

(Sgd.)
Deepal Sooriyaarachchi
Chairman-Related Party Transactions Review Committee

28 August 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

ROLE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

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

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

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

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

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

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

MEETING AND ATTENDANCE

During the 2025/2026 financial year, the Committee convened one instance, adhering to the corporate governance guidelines set by the SEC and CA Sri Lanka. The Committee plans to meet at least once a year to review and provide recommendations to the Board regarding the matters pertaining to Nominations and Governance.

Members' attendance at meetings of the Committee in 2025/2026 is set out in the table below.

Member	No of Meetings
Mr. Deepal Sooriyaarachchi	1/1
Mr. Yudhishtran Kanagasabai	1/1
Mrs. N.C. Madanayake	0/1

FUNCTIONS OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

Key responsibilities undertaken by the Committee during the financial year included

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

CONCLUSION

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

On behalf of the Committee

(Sgd.)
Deepal Sooriyaarachchi
Chairman of the Nominations and Governance Committee

28 August 2026

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 57th Annual Report of the Company together with the Audited Financial Statements for the year ended 31 March 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and selling of Power Cables, Telecommunication Cables and Enamelled Winding Wires.

VISION AND MISSION

The Corporate vision and mission are provided on page 2 of this Report. In achieving its vision and mission, all Directors and employees conduct their activities with highest level of ethical standards and integrity.

REVIEW OF BUSINESS

A review of the Company's performance during the financial year is given in the Message from the Chairman on pages 7 to 8 Chief Executive Officer's Review on pages 9 to 11 and Management Discussion and Analysis on pages 24 to 49. These reports, which form an integral part of this report, together with the Audited Financial Statements, reflect the state of affairs of the Company and the Investee.

REVENUE AND PROFITABILITY

The revenue of the Company and the Company and Investee for 2025/26 was Rs. 20,621 Mn. (2024/25-Rs. 17,657Mn.). The profit after tax of the Company and Investee for 2025/26 was Rs. 2,399 Mn. (2024/25- Rs.2,301 Mn.), while the Company's profit after tax for 2025/26 was Rs. 2,395 Mn. (2024/25- Rs. 2,303 Mn.).

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 110 to 159 and Independent Auditors' Report on the Financial Statements are provided on page 106 to 109.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are given on pages 114 to 124 of this report.

A number of new accounting standards are effective for annual periods beginning after 01st April 2026 and earlier application is permitted. However, the Company and Investee has not early adopted the following new or amended Accounting standards in preparing these financial statements.

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

1) **SLFRS 18 Presentation and Disclosures in Financial Statements .**

DIVIDENDS

The interim dividend of Rs. 15.00 per share for the financial year ended 31 March 2025 amounting to Rs.327 Mn. was paid during the financial year on 04 September 2025. The Board of Directors, declared an interim dividend of Rs.1.60 per share for the year ended 31 March 2026 on 218,000,000 shares amounting to Rs. 348.8 Mn and will be paid on 04 September 2026.

As required by Section 56(2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company satisfies the Solvency Test in accordance with the Section 57 of the Companies Act 7 of 2007 and have obtained a certificate from the Auditors.

STATED CAPITAL

The stated capital of the Company as at 31 March 2026 is Rs. 218,000,000 comprising of 218,000,000 shares.

On 18th December 2025, a special resolution stating sub-division of shares has been duly passed by the shareholders unanimously at the Extra Ordinary General Meeting of the Company on the said date. Accordingly, the number of shares of the Company after the sub-division is as follows.

No of shares prior to the sub division	21,800,000
No of share after the sub division	218,000,000

RESERVES

The movements during the year relating to Capital Reserves and General Reserves are disclosed in Notes 24 to 25 to the Financial Statements respectively.

SHARE INFORMATION

The information relating to earnings, dividend, net assets and market price per share are given in the Investors' Information on page 160 to 161 of the Annual Report.

SHAREHOLDINGS

As at 31 March 2026 there were 4322 shareholders. The distribution is indicated on page 160 of the Annual Report.
The twenty largest shareholders of the Company as at 31 March 2026, together with an analysis is given on page 160 of the Annual Report.

RELATED PARTY TRANSACTIONS

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS24 "Related Party Disclosures" which were adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the Rule No. 9 of the Listing Rules. Those transactions disclosed by the Directors are given in Note 35 to the Financial Statements forming part of the Annual Report of the Board of Directors.

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

Related Party Transactions Review Committee report is set out on page 96 in the Financial Statements.

RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions, the aggregate value of which exceeds 10% of consolidated revenue for the year ended 31 March 2026.

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 2026. Audited Financial Statements, which require additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(1) and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

A detailed disclosure of related party transactions is given in Note 35 to the financial statements.

BOARD OF DIRECTORS

The Board of Directors of the Company consists of five Directors throughout the financial year and their profiles are given on pages 12 to 13.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Statement of the Directors Responsibilities for Financial Statements is given on page 103 of this Annual Report.

DONATIONS

Donations made by the Company during the year amounted to Rs.70,000/- (2024/25- Rs. 1,120,000/-).

PROPERTY,PLANT AND EQUIPMENT

The land and buildings of the Company were revalued by Mr. J. M. Senanayake Bandara, B.Sc (Estate Management and Valuation), Postgraduate Diploma (Land Settlement and Development), FIV (Sri Lanka), IRRV (Hons), United Kingdom and an Independent Certified Valuer. Details of land and buildings with net book values including the details of Property, Plant and Equipment and their movements as per the valuation report as at 31 March 2024, submitted by Mr. Senanayake are given in Note 12.3 to the Financial Statements.

MARKET VALUE OF FREEHOLD PROPERTIES

The details of the market value of freehold properties are given in the Note 12.4 to the Financial Statements.

INVESTMENT PROPERTY

Investment property represents a land owned by the Company. The valuation was carried out by an independent professional Valuer, Mr. J. M. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka. The details of Investment Property as at 31 March 2026 are explained in Note 14 to the Financial Statements.

INVESTMENT IN EQUITY ACCOUNTED INVESTEE

The details of Investment in Equity Accounted Investee held as at the balance sheet date are given in Note 17 to the Financial Statements.

CAPITAL EXPENDITURE

The capital expenditure incurred on acquisition of property, plant and equipment of the Company has been Rs.152Mn, details of which are given in Note 12 to the Financial Statements.

CORPORATE GOVERNANCE

In managing the business of the Company, the Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on Corporate Governance is given on pages 51 to 81 of the Annual Report.

RISK MANAGEMENT

The details of the significant risks identified by the Company and strategies and procedures adopted in managing those are set out on pages 85 to 92 of this Report.

DIRECTORATE

The Board of Directors of the Company are given below and the profiles are given on pages 12 to 13 of this Report.

Mr. U.G. Madanayake - Chairman

Mr. Suren Madanayake - Deputy Chairman

Mrs. N.C. Madanayake

Mr. Deepal Sooriyaarachchi

Mr. Yudhishtran Kanagasabai

The details of Directors' meetings are set out on page 58 under the Corporate Governance section of the Annual Report.

INTEREST REGISTER

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

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts of the Company are disclosed in Note 35 to the Financial Statements and none of the Directors of the Company are directly or indirectly interested in any other contracts with the Company.

DIRECTORS' REMUNERATION

Remuneration received by the Directors are set out in Note 7 to the financial statements. The Chairman and Deputy Chairman of the Company, who are also the Chairman and Managing Director respectively of the Holding Company ACL Cables PLC. They have acted in honorary capacity and the Company has not paid any remuneration to them during the year under review. The remuneration paid to the Executive Director and the fees paid for attending Board Meetings are given in Note 07 to the Financial Statements.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

The shareholdings of Directors at the beginning and at the end of the year were as follows:

As at 31 March	No. of Shares		%Holding	
	2026	2025	2026	2025
Mr. U.G.Madanayake	562,000	56,200	0.26	0.26
Mr. Suren Madanayake	610,000	61,000	0.28	0.28
Mrs. N.C. Madanayake	Nil	Nil	Nil	Nil
Mr. Deepal Sooriyaarachchi	Nil	Nil	Nil	Nil
Mr. Yudhishtran Kanagasabai	Nil	Nil	Nil	Nil

STATUTORY PAYMENTS

All known statutory dues as were due and payable by the Company as at the reporting date have been paid or, wherever relevant have been provided for in the Financial Statements.

EVENTS AFTER THE REPORTING DATE

There are no material post reporting date events which require adjustments or disclosure in the Financial Statements other than disclosed in Note 43.

GOING CONCERN

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

CORPORATE SOCIAL RESPONSIBILITY

The activities undertaken by the Company in recognition of its responsibility as a corporate citizen are disclosed on pages 33 to 37 of this Report.

ENVIRONMENTAL PROTECTION

The Company has used its best endeavours to comply with the relevant environmental laws and regulations. The Company is directed towards better control and mitigation of its impact on the environment as explained in the Management Discussion and Analysis in pages 29 to 32.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Details of the Capital Commitments and Contingent Liabilities are disclosed on page 158 of the Annual Report.

AUDITORS

The Financial Statements for the period under review have been audited by Messrs KPMG, Chartered Accountants. Rs.1,195,000/- has been paid as audit fee for the year ended 31 March 2026.

AUDITOR'S RELATIONSHIP WITH THE COMPANY

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

A Resolution to re-appoint Auditors, KPMG, Chartered Accountants and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 30 September 2026.

The Report of the Independent Auditors' is given on pages 106 to 109. The functions of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are given on pages 93 to 96 of this Report.

EMPLOYMENT

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

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange and Securities and Exchange Commission of Sri Lanka (SEC) Directives as a listed Company.

NOTICE OF MEETING

The Notice of Meeting of the Annual General Meeting is given on page 165 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

Colombo
28 August 2026

SENIOR INDEPENDENT DIRECTOR'S STATEMENT

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

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

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

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

(Sgd.)

Deepal Sooriyaarachchi

Senior Independent Director

28 August 2026

DIRECTOR'S STATEMENT ON INTERNAL CONTROLS

REQUIREMENT

In accordance with Section D.2.1.2 of the Code of Best Practice on Corporate Governance (2023) jointly issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, and in line with Rule 9.13.5.b of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of Kelani Cables PLC presents this statement on the internal control framework of the Company for the financial year 2025/26.

RESPONSIBILITY

The Board of Directors acknowledges its ultimate responsibility for establishing and maintaining an effective system of internal controls covering financial, operational, and compliance controls as well as risk management. These controls are designed to safeguard shareholders' investments, protect the Company's assets, and ensure the integrity and reliability of financial reporting. The Board has entrusted the Audit Committee with the task of reviewing the adequacy, effectiveness, and integrity of this internal control system to report on any significant findings or concerns, thereby ensuring that these controls are consistently monitored, tested, and improved where necessary.

INTERNAL CONTROL PROCESS

The system of internal control in place at Kelani Cables PLC and its subsidiaries is structured to provide reasonable, though not absolute, assurance that the Company's business objectives will be achieved. It takes into account the dynamic business environment, evolving risks, and regulatory obligations. The Audit Committee oversees the effectiveness of this system through a structured review process, which includes:

- Periodic reviews of the design and operation of internal controls at both Company and Group level;
- Annual independent discussions with the internal and external auditors to assess the adequacy of control procedures, financial reporting integrity, and any reported irregularities or weaknesses;
- Review of the Group-wide risk matrix at each Audit Committee meeting, covering identification, evaluation, mitigation, and monitoring of risks across strategic, operational, financial, and compliance domains;
- Evaluation of the risk register, prepared by management and maintained at subsidiary and Company levels, where key risks are rated based on likelihood and impact and are accompanied by mitigation actions and responsible parties;
- Dialogues with the Managing Director and senior management to obtain clarity on critical control measures, evolving risks, and the effectiveness of the Company's risk response strategies.

The risk register, along with observations and recommendations by the Audit Committee, is presented to the Board of Directors for further deliberation. These discussions ensure that appropriate governance structures and internal control mechanisms are in place to address key risk exposures, and that disclosures in the financial statements are accurate and meaningful to stakeholders. The Audit Committee also reviews the cyber security framework, business continuity planning, and control over financial reporting processes to mitigate emerging risks arising from the increasing reliance on digital systems and interconnectivity.

COMPLIANCE AND ASSURANCE

The internal control system is further reinforced through adherence to applicable Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, as amended by the Companies (Amendment) Act No. 12 of 2025, Listing Rules of the Colombo Stock Exchange, and other relevant statutory and regulatory frameworks. Regular audits and internal control testing, conducted by both internal and external auditors, support the Company's efforts to maintain a strong compliance culture.

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

STATEMENT OF CONFIRMATION

Based on the evaluations carried out throughout the year and recommendations received from the Audit Committee, the Board of Directors of Kelani Cables PLC confirms that the internal control system as implemented during the financial year 2025/26 was effective and adequate to provide reasonable assurance regarding:

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

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

By order of the Board,

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

28 August 2026

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

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

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

The financial statements presented in the Annual Report for the year ended 31 March 2026, have been prepared based on the new Sri Lanka Accounting Standards(SLFRSs/LKASs) which came into effect for the financial periods commencing after 1stJanuary 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Company and Investee are disclosed and explained in the financial statements.

The Board of Directors confirm that the Individual (Company and Investee) and Separate (Company) Statements of Financial Position as at 31 March 2026 and Statements of Profit or Loss and other Comprehensive Income for the year ended 31 March 2026 reflect a true and fair view of the Company and Investee / Company Respectively.

APPROVAL OF FINANCIAL STATEMENTS

The Directors' Report and the Financial Statements of the Company and Investee/ Company were approved by the Board of Directors on 28 August 2026.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

28 August 2026

FINANCIAL REPORTS

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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

TO THE SHAREHOLDERS OF KELANI CABLES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kelani Cables PLC ("the Company") and the Company and its equity accounted investee ("the Company and Investee"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 110 to 159 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Company and equity accounted Investee give a true and fair view of the financial position of the Company and the Company and equity accounted Investee as at 31st March 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and Investee in accordance with the Code of Ethics for professional accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

01. Valuation of Investment Property

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

The fair value of Investment Property of the Company was Rs. 846 Mn as at 31st March 2026 and fair value gain derived from investment property for the year ended 31st March 2026 was Rs. 66 Mn.

Management's assessment of the fair value of investment property is based on the valuation performed by the qualified independent property valuer in accordance with recognized industry standards.

We identified valuation of investment property as a key audit matter due to the significance of the value to the financial statements and the determination of the fair values involves significant judgments and estimation, particularly in determining the appropriate valuation methodology to be used, and in estimating the key assumptions applied. These key assumptions include market comparables used, taking into consideration for differences such as location, size and condition. A change in the key assumptions will have a significant impact on the fair value of the investment property.

Our audit procedures included

- Assessing the competency, objectivity and capabilities of the independent external valuer engaged by the management.
- Assessing the reasonableness of the valuer's assumptions and methods used in the valuation and comparing the same with evidence of current market values.
- Engaging our own internal resources to assess the reasonability of the valuation technique and per perch prices determined by the management specialist.
- Assessing the adequacy of disclosures made in relation to the valuation of investment property including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

KPMG

02. Recoverability of Trade Receivables

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

Risk Description	Our audit procedures included
The Company has recognized gross trade receivables of Rs. 2,383 Mn as at 31st March 2026, and a provision for impairment of Rs. 95Mn. There are inherent risks relating to customer's credit risk profile which vary due to the size of each customer, credit history of the customers and current market conditions. The risk is whether the trade receivables are recoverable, and adequate impairment provision has been made for bad and doubtful receivables. The recoverability of trade receivables and the judgements involved in determining the estimation of impairment provision were considered as key focus areas.	➤ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the key internal controls within the credit control and approval process. ➤ On a sample basis, assessing whether items in the trade debtors ageing report were classified within the appropriate ageing bucket by comparing individual items in the report with underlying supporting documentation, which included sales invoices and goods delivery notes. ➤ Assessing the appropriateness of the impairment on trade receivables based on the 'expected credit loss' model as per SLFRS 09, with reference to historical payment trends and forward-looking scenarios. ➤ Assessing the adequacy of relevant disclosures included in the Financial Statements in accordance with Sri Lanka Accounting Standards.

03. Carrying value of Inventories

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

Risk Description	Our audit procedures included,
The Company recorded inventories of Rs. 4,192 Mn as at 31st March 2026 after a provision for obsolete/ slow moving inventory of Rs. 229Mn. The Company reported a significant level of inventory and judgment is exercised with regard to identification of obsolete and/ or slow-moving inventories. Judgements are involved in assessing the provision for slow-moving and obsolete inventories. Valuation of inventories is based on lower of cost and net realizable value and as explained in Note 3.6, estimates are used in arriving at the cost of inventories to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. Given the level of judgments and estimates involved, the carrying value of inventories is identified as a key audit matter.	➤ Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of key controls that management has established for the testing of the accuracy of valuation of inventories, recording of purchases and write off of obsolete inventories. ➤ Checking the accuracy of the valuation of inventories on a sample basis as at the reporting date including assessing the reasonableness of judgements/estimates involved in the calculation of relevant overheads. ➤ Evaluating the adequacy and consistency of provisioning for inventories at the reporting date and comparing with the Company's inventory provision policy. ➤ On a sample basis, comparing the carrying amounts of the Company's inventories with the net realization value of those subsequent to the end of the reporting period. ➤ Observing the physical verification of inventories as at the year-end on a sample basis and, comparing the counted quantities against the quantities used in the valuation of inventories as at the reporting date. ➤ Assessing whether the accounting policies had been consistently applied and the checking the Company and Investee's disclosures related to inventories in accordance with Sri Lanka Accounting Standards.

INDEPENDENT AUDITOR'S REPORT

KPMG

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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Company and Investee's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Company and Investee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Company and Investee to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and Investee to express an opinion on the Company and Investee financial statements. We are responsible for the direction, supervision and performance of the Company and Investee audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 5113.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

28th August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,	Note	Company and Investee 2026 Rs.	Company and Investee 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue	5	20,620,610,691	17,657,509,734	20,620,610,691	17,657,509,734
Cost of sales		(16,701,298,135)	(13,522,776,040)	(16,701,298,135)	(13,522,776,040)
Gross profit		3,919,312,556	4,134,733,694	3,919,312,556	4,134,733,694
Other income	6	78,003,571	16,469,428	78,003,571	16,469,428
Change in fair value of investment property	14	66,000,000	30,000,000	66,000,000	30,000,000
Distribution expenses		(825,494,901)	(837,633,064)	(825,494,901)	(837,633,064)
Administrative expenses		(536,466,525)	(484,954,796)	(536,466,525)	(484,954,796)
Profit from operations	7	2,701,354,701	2,858,615,262	2,701,354,701	2,858,615,262
Finance income		742,349,066	443,058,169	742,349,066	443,058,169
Finance expenses		(22,996,647)	(64,264,260)	(22,996,647)	(64,264,260)
Net finance income	8	719,352,419	378,793,909	719,352,419	378,793,909
Share of profit/(loss) of equity accounted investee net of tax	17.2.1	3,464,549	(1,300,127)	-	-
Profit before tax		3,424,171,669	3,236,109,044	3,420,707,120	3,237,409,171
Income tax expense	9	(1,025,662,144)	(934,722,667)	(1,025,662,144)	(934,722,667)
Profit for the year		2,398,509,525	2,301,386,377	2,395,044,976	2,302,686,504
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss on employee benefit obligations	27.2.1.b	(5,391,368)	(15,830,338)	(5,391,368)	(15,830,338)
Related tax	9.2	1,617,410	4,749,101	1,617,410	4,749,101
Other comprehensive expense for the year net of tax		(3,773,958)	(11,081,237)	(3,773,958)	(11,081,237)
Total comprehensive income for the year		2,394,735,567	2,290,305,140	2,391,271,018	2,291,605,267
Earnings per share					
Basic earnings per share (Restated)	10	11.00	10.56	10.99	10.56

The Notes to the Financial Statements from pages 114 to 159 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Company and Investee 2026 Rs.	Company and Investee 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,558,840,246	1,494,157,351	1,558,840,246	1,494,157,351
Investment property	14	846,000,000	780,000,000	846,000,000	780,000,000
Right-of-use assets	16	372,491	1,862,455	372,491	1,862,455
Investments in fixed deposits	21.1	50,896,175	-	50,896,175	-
Investment in equity accounted investee	17	82,303,802	78,839,253	51,200,000	51,200,000
Total non-current assets		2,538,412,714	2,354,859,059	2,507,308,912	2,327,219,806
Current assets					
Inventories	18	4,192,054,674	3,892,360,090	4,192,054,674	3,892,360,090
Trade and other receivables	19	2,626,262,262	2,130,092,204	2,626,262,262	2,130,092,204
Amount due from related companies	32.2	1,015,878	3,289,427	1,015,878	3,289,427
Value added tax recoverable		971,288,566	966,625,021	971,288,566	966,625,021
Deposits and prepayments		23,192,233	23,848,451	23,192,233	23,848,451
Financial assets measured at FVTPL	20	4,888,051,398	3,583,976,538	4,888,051,398	3,583,976,538
Investments in fixed deposits	21.2	3,262,824,019	2,975,461,733	3,262,824,019	2,975,461,733
Cash and cash equivalents	22	730,014,163	684,828,687	730,014,163	684,828,687
Total current assets		16,694,703,193	14,260,482,151	16,694,703,193	14,260,482,151
Total assets		19,233,115,907	16,615,341,210	19,202,012,105	16,587,701,957
EQUITY AND LIABILITIES					
Equity					
Stated capital	23	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	24	823,459,321	823,459,321	747,227,077	747,227,077
General reserves	25	430,136,000	431,136,000	430,136,000	431,136,000
Retained earnings	26	13,840,812,025	11,772,076,458	13,885,940,467	11,820,669,449
Total equity		15,312,407,346	13,244,671,779	15,281,303,544	13,217,032,526
Non-current liabilities					
Retirement benefit obligation	27.2	236,730,402	204,841,285	236,730,402	204,841,285
Deferred tax liability	28	317,216,196	228,751,398	317,216,196	228,751,398
Interest bearing borrowings	29	14,184,115	24,822,247	14,184,115	24,822,247
Lease liability	30	-	409,140	-	409,140
Total non-current liabilities		568,130,713	458,824,070	568,130,713	458,824,070
Current liabilities					
Trade and other payables	31	1,620,197,882	1,382,082,528	1,620,197,882	1,382,082,528
Amount due to related companies	32.1	660,334,011	575,740,896	660,334,011	575,740,896
Current tax payables	33	811,323,354	916,647,603	811,323,354	916,647,603
Unclaimed dividends	34	23,253,967	17,909,912	23,253,967	17,909,912
Interest bearing borrowings	29	235,638,122	10,638,122	235,638,122	10,638,122
Lease liability	30	409,140	1,529,023	409,140	1,529,023
Bank overdrafts	22	1,421,372	7,297,277	1,421,372	7,297,277
Total current liabilities		3,352,577,848	2,911,845,361	3,352,577,848	2,911,845,361
Total liabilities		3,920,708,561	3,370,669,431	3,920,708,561	3,370,669,431
Total equity and liabilities		19,233,115,907	16,615,341,210	19,202,012,105	16,587,701,957

The Notes to the Financial Statements from pages 114 to 159 form an integral part of these Financial Statements.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Hemamala Karunasekara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved for and on behalf of the Board of Directors:

U. G. Madanayake
Chairman

Suren Madanayake
Deputy Chairman

28 August 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

COMPANY AND INVESTEES

	Note	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2024		218,000,000	823,459,321	431,136,000	9,699,771,318	11,172,366,639
Profit for the year		-	-	-	2,301,386,377	2,301,386,377
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(11,081,237)	(11,081,237)
Total comprehensive income for the year		-	-	-	2,290,305,140	2,290,305,140
Transactions with owners of the Company						
Interim dividend - 2023/24	11	-	-	-	(218,000,000)	(218,000,000)
Balance as at 31 March 2025		218,000,000	823,459,321	431,136,000	11,772,076,458	13,244,671,779
Balance as at 1 April 2025		218,000,000	823,459,321	431,136,000	11,772,076,458	13,244,671,779
Profit for the year		-	-	-	2,398,509,525	2,398,509,525
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(3,773,958)	(3,773,958)
Total comprehensive income for the year		-	-	-	2,394,735,567	2,394,735,567
Transactions with owners of the Company						
Interim dividend - 2024/2025	11	-	-	(1,000,000)	(326,000,000)	(327,000,000)
Balance as at 31 March 2026		218,000,000	823,459,321	430,136,000	13,840,812,025	15,312,407,346

COMPANY

	Note	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2024		218,000,000	747,227,077	431,136,000	9,747,064,182	11,143,427,259
Profit for the year		-	-	-	2,302,686,504	2,302,686,504
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(11,081,237)	(11,081,237)
Total comprehensive income for the year		-	-	-	2,291,605,267	2,291,605,267
Transactions with owners of the Company						
Interim dividend - 2023/24	11	-	-	-	(218,000,000)	(218,000,000)
Balance as at 31 March 2025		218,000,000	747,227,077	431,136,000	11,820,669,449	13,217,032,526
Balance as at 1 April 2025		218,000,000	747,227,077	431,136,000	11,820,669,449	13,217,032,526
Profit for the year		-	-	-	2,395,044,976	2,395,044,976
Other comprehensive income for the year						
Actuarial loss on employee benefit obligations, net of tax		-	-	-	(3,773,958)	(3,773,958)
Total comprehensive income for the year		-	-	-	2,391,271,018	2,391,271,018
Transactions with owners of the Company						
Interim dividend - 2024/25	11	-	-	(1,000,000)	(326,000,000)	(327,000,000)
Balance as at 31 March 2026		218,000,000	747,227,077	430,136,000	13,885,940,467	15,281,303,544

The Notes to the Financial Statements from pages 114 to 159 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the year ended 31 March,	Note	Company and Investee 2026 Rs.	Company and Investee 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flow from operating activities					
Profit before taxation		3,424,171,669	3,236,109,044	3,420,707,120	3,237,409,171
Adjustments for:					
Share of loss/(profit) from equity accounted investee (net of tax)	17.2.1	(3,464,549)	1,300,127	-	-
Interest income	8	(336,649,513)	(343,400,182)	(336,649,513)	(343,400,182)
Interest expense	8	22,996,647	11,334,715	22,996,647	11,334,715
Change in fair value of investment property	14	(66,000,000)	(30,000,000)	(66,000,000)	(30,000,000)
Depreciation of property, plant and equipment	12	87,410,160	91,861,637	87,410,160	91,861,637
Amortization of right-of use assets	16	1,489,964	1,117,473	1,489,964	1,117,473
Net effect of termination of lease assets	16 & 29	-	(558,366)	-	(558,366)
Profit on disposal of property, plant and equipment		(128,565)	(847,458)	(128,565)	(847,458)
Provision for impairment of trade and other receivables	19.1	-	6,782,012	-	6,782,012
Remeasurement gain of investment in unit trusts	20	(183,786,200)	(99,657,987)	(183,786,200)	(99,657,987)
Provision for obsolete and slow moving inventories	18.1	4,038,051	39,843,420	4,038,051	39,843,420
Unrealized exchange (gain)/loss on investment in fixed deposit	21	(75,068,810)	9,072,608	(75,068,810)	9,072,608
Inventory write off	7	9,057,750	8,591,922	9,057,750	8,591,922
Provision/(provision reversal) for warranties		(7,537,496)	4,273,600	(7,537,496)	4,273,600
Write off of property, plant and equipment	12	562	26,176	562	26,176
Write back of unclaimed dividends	34	(1,568,454)	(1,460,217)	(1,568,454)	(1,460,217)
Provision for retirement benefit obligation	27.2	36,109,521	34,203,744	36,109,521	34,203,744
Operating profit before working capital changes		2,911,070,737	2,968,592,268	2,911,070,737	2,968,592,268
Changes in working capital					
Increase in inventories		(312,790,385)	(685,994,933)	(312,790,385)	(685,994,933)
Increase in trade and other receivables		(496,170,058)	(1,084,197,148)	(496,170,058)	(1,084,197,148)
Decrease in amount due from related companies		2,273,549	48,121,791	2,273,549	48,121,791
Increase in deposits and prepayments and value added tax recoverable		(4,007,327)	(88,858,219)	(4,007,327)	(88,858,219)
Increase in trade and other payables		245,652,850	559,142,336	245,652,850	559,142,336
Increase/(decrease) in amount due to related companies		84,593,115	(137,564,367)	84,593,115	(137,564,367)
Cash generated from operations		2,430,622,481	1,579,241,728	2,430,622,481	1,579,241,728
Gratuity paid	27.2	(9,611,772)	(27,525,215)	(9,611,772)	(27,525,215)
Current tax paid	33	(1,040,904,185)	(916,014,562)	(1,040,904,185)	(916,014,562)
Interest paid		(22,996,647)	(11,334,715)	(22,996,647)	(11,334,715)
Net cash generated from operating activities		1,357,109,877	624,367,236	1,357,109,877	624,367,236
Cash flow from investing activities					
Proceeds from disposal of property, plant and equipment	6	128,565	847,458	128,565	847,458
Short term loans re-paid by related parties	32.2	-	250,000,000	-	250,000,000
Acquisition of property, plant and equipment	12	(152,093,617)	(80,765,958)	(152,093,617)	(80,765,958)
Investment in unit trust	20	(3,793,000,000)	(3,480,000,000)	(3,793,000,000)	(3,480,000,000)
Withdrawal of unit trust net of realized gain	20	2,672,711,340	982,942,717	2,672,711,340	982,942,717
Investment in fixed deposits	21	(3,254,387,022)	(3,391,426,143)	(3,254,387,022)	(3,391,426,143)
Withdrawal of fixed deposits	21	2,990,439,015	4,241,069,725	2,990,439,015	4,241,069,725
Interest received		337,407,869	423,377,881	337,407,869	423,377,881
Net cash used in investing activities		(1,198,793,850)	(1,053,954,320)	(1,198,793,850)	(1,053,954,320)
Cash flow from financing activities					
Dividend paid	34	(320,087,491)	(213,351,378)	(320,087,491)	(213,351,378)
Loans obtained during the year	29	494,300,000	-	494,300,000	-
Loan repayments during the year	29	(279,938,132)	(46,638,132)	(279,938,132)	(46,638,132)
Capital repayment of lease liabilities	30	(1,529,023)	(1,041,765)	(1,529,023)	(1,041,765)
Net cash used in financing activities		(107,254,646)	(261,031,275)	(107,254,646)	(261,031,275)
Net increase/(decrease) in cash and cash equivalents		51,061,381	(690,618,359)	51,061,381	(690,618,359)
Cash and cash equivalents at beginning of the year	22	677,531,410	1,368,149,769	677,531,410	1,368,149,769
Cash and cash equivalents at the end of the year	22	728,592,791	677,531,410	728,592,791	677,531,410

The Notes to the Financial Statements from pages 114 to 159 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Kelani Cables PLC ("the Company") is a Public limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is No 60, Rodney Street, Colombo 08 and the principal place of business is situated at P. O. Box 14, Wewelduwa, Kelaniya.

The ordinary shares of the Company are listed in the Colombo Stock Exchange.

Subsidiary of the Company, Kelani Electrical Accessories (Pvt) Limited which is a fully owned subsidiary, has been dormant since the cessation of operations in September 1995. The subsidiary has not been consolidated on the basis of materiality.

The results of the equity accounted investee ACL - Kelani Magnet Wire (Pvt) Limited have been reported under the Financial Statements – Company and Investee.

1.2. Parent Enterprise and Ultimate Parent Enterprise

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

1.3. Principal Activities and Nature of Operations

The principal activities of the Company are manufacturing and sealing of Power cables, Telecommunication cables and Enameled winding wires.

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

1.4. Number of Employees

The number of employees of the Company as at 31 March 2026 was 522 (2025 – 506).

1.5. Responsibilities for Financial Statements and Approval of Financial Statements

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

The Financial Statements of the Company for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 28 August 2026.

2 BASIS OF PREPARATION

2.1 Current versus - Non-Current Classification

All assets and liabilities are classified as current and non-current as per company's normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realized within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date

2.2 Statement of compliance

The Financial Statements of the Company and Investee have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statements of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

2.2.1 Statement of Presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

2.3 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

Item	Basis of Measurement	Note
Freehold land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	12
Investment property	Measured at fair value	14
Defined benefit obligation	Measured at the present value of the defined benefit obligation	27
Financial assets measured at FVTPL	Measured at fair value	20
Lease Liability and Right-of-use Assets	Measured at its present value of lease payments.	30 16

2.4 Functional and Presentation Currency

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

2.5 Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Critical accounting assumptions and estimation uncertainties	Note
Fair value of land and buildings	2.5.1
Useful lifetime of the property, plant, and equipment	2.5.2
Impairment of non-financial assets	3.8.2
Fair value of Investment Property	2.5.3
Measurement of defined benefit obligation: key actuarial assumptions	2.5.4
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions	2.5.5

2.5.1 Fair value of land and buildings

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. Based on the valuation techniques and inputs used, the fair value of land and buildings were classified at level 3 in the fair value hierarchy.

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

2.5.2 Useful lifetime of the property, plant and equipment

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

2.5.3 Fair value of Investment property

The Company measures investment property at Fair Value with changes in fair value being recognised in statement of Profit or loss (P&L). Valuations are performed at each year end. Based on the valuation techniques and inputs used, the fair value of Investment property were classified at level 3 in the fair value hierarchy.

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

2.5.4 Measurement of defined benefit obligation

The defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 27.3 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 27.4.

2.5.5 Impairment of financial assets

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

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

Development of ECL models, including the various statistical formulas and the choice of inputs;

Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD);

The Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.6 Materiality and Aggregation

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

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

2.7 Fair Value Measurement

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

In the principal market for the asset or liability, or

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

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

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

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

Level 2

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

This category includes instruments valued using;

(a) quoted market prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable

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

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

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

2.8 Going Concern

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. In preparing these financial statements, based on available information, the management has assessed the effects of Current economic condition and the appropriateness of the use of the going concern basis. The Company has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

In management's view, the Company will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continued to be prepared on a going concern basis.

2.9 Offsetting

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

2.10 Rounding

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

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements, unless otherwise indicated. There were no significant impact to the financial statements of the Company from new or amended accounting standards and interpretations that were required to be incorporated into the financial statements with effect from 01st April 2025.

3.1 Interest in Equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method by the Company and Investee. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Company and Investee financial statements include the Company's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

3.1.1 Accounting for investment in associate

When separate financial statements are prepared, investments in associate are accounted for using the cost method. Investment in associate is stated in the Company's Statement of Financial Position at cost less accumulated impairment losses.

3.1.2 Financial Period

The associate has the same reporting date as the Company and the financial statements are prepared to a common financial year ending 31st March.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3 Property, Plant and Equipment and Intangible Assets

3.3.1 Property, Plant and Equipment

Recognition and measurement

a) Cost/Valuation

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent measurement - Cost Model

The Company applies the Cost model to all Property, Plant & Equipment except for land & buildings and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Subsequent measurement - Revaluation Model

The Company applies the Revaluation model for the entire class of Land & Buildings for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Building of the Company are revalued every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and presented in Capital Reserve in equity or used to reverse a previous loss on revaluation of the same asset, which was charged to the Statement of Profit or loss. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the Profit or loss or charged in Other Comprehensive Income and presented in Capital Reserve in equity only to the extent of any credit balance existing in the Capital Reserve in respect of that asset. Any balance remaining in the Capital reserve in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

b) Subsequent costs

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the Profit or loss as an expense as incurred.

c) Depreciation

Depreciation is calculated to write off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line basis over their estimated useful life-time and is generally recognised in profit or loss. Land is not depreciated.

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

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

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

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

d) Derecognition

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

e) Capital work in progress

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

f) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or loss unless it reverses a previous revaluation surplus for the same asset.

3.3.2 Intangible Assets

a) Recognition and Measurement

All computer software costs incurred, licensed for use by the Company, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and is probable will lead to future economic benefits are included in the Statement of Financial Position under the category, Intangible Assets, and carried at cost less accumulated amortization and accumulated impairment losses if any.

b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

c) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful life-time is 1 years for all computer software for the current and comparative years.

Amortization methods, useful life-time and residual values are reviewed at each reporting date and adjusted if appropriate.

d) De-Recognition

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

3.4 Right to use Assets

Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.4.1 ROU assets

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(a) Depreciation expenses

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

3.4.2 Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

(a) Interest expenses on lease liabilities

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

(b) Presentation of ROU asset and lease liabilities

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

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

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

3.5 Investment Property

Properties held to earn rental income or properties held for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration and is not intended for sale in the ordinary course of business have been classified as investment property.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Land of the Company classified as investment property is valued every year by an independent valuer to ensure that the carrying amounts do not differ from the fair values at the Reporting date.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant equipment is sold, any related amount included in the capital reserve is transferred to retained earnings.

3.6 Inventories

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

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

Raw Material	:	At actual cost on 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 on weighted average basics.
Finished goods purchased	:	At actual cost on weighted average basis
Goods in Transit	:	At Actual cost

3.7 Financial Instruments

(a) Financial assets - Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Financial assets - Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(c) Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(d) Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

(e) Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

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

Financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(g) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.8 Impairment of Assets

3.8.1 Non-derivative financial assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets and individual assessment of particular asset. For corporate customers, the Company adopt a policy of writing off the gross carrying amount or portion subject to, makes a detailed assessment individually of the debts over 365 days past due with respect to the significance of the value, potential of the customer, history of past performance, timing and outcome/ status of the recovery actions taken/ in progress based on when there is no reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due. Based on its experience, there have been no corporate customer recoveries after the debts were written off.

3.8.2 Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to disposal. value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. for the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

3.9 Cash and Cash Equivalents

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

3.10 Stated Capital

Ordinary Shares

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

3.11 Liabilities and Provisions

Liabilities classified as Current Liabilities on the Statement of financial position are those obligations payable on demand or within one year from the statement of financial position. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the Statement of financial position date.

All known liabilities have been accounted for in preparing the financial statements.

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Employee benefits

(a) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when incurred.

Employee Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary to EPF.

Employees Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes 3% of the salary of each employee to ETF.

(c) Defined Benefit Plans

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 27 to the Financial Statements. This liability is not externally funded, and the item is grouped under Non-Current Liabilities in the Statement of Financial Position.

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

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

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

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

(d) Termination benefits

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

3.13 Capital commitments and Contingencies

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

Capital commitments and contingent liabilities of the Company is disclosed in Notes 40 and 41 to the Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.14 Revenue

Revenue from contract with customers

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

Sale of goods

Revenue from the sale of goods is recognised in the Statement of Profit or Loss when control of the goods has been transferred to the customers. Recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with trade returns and trade discounts.

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

Other Income

Gains / losses on the disposal of property, plant and equipment determined by reference to the carrying amount and related expenses, have been accounted for as other income in profit or loss.

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

3.15 Expenditure recognition

Operating Expenses

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

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

3.16 Finance income and expense

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.17 Income tax expenses

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial Statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

(b) Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(c) Tax exposures

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

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

3.18 Related party disclosure

Disclosures has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is charged.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Statement of cash flows

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short-term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Standards (SLFRSs/LKAs) which will become applicable for financial period beginning on 1 April 2026. The Company and Investee has not early adopted the following new or amended Accounting standards in preparing these financial statements

1) SLFRS 18 Presentation and Disclosures in Financial Statements

5. REVENUE

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

5.1 Revenue from contracts with customers

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Local sales		
Manufacturing and fabrication	15,232,469,323	12,723,301,320
Trading	2,146,141,213	2,102,222,544
Export sales		
Direct exports	2,256,029,905	2,001,992,526
Indirect exports	985,970,250	829,993,344
	20,620,610,691	17,657,509,734

5.2 Timing of revenue recognition

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Products and services transferred at a point in time	20,620,610,691	17,657,509,734
	20,620,610,691	17,657,509,734

6. OTHER INCOME

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Gain on disposal of property, plant and equipment	128,565	847,458
Sundry sales (Note 6.1)	57,778,170	12,375,493
Sundry income (Note 6.2)	20,096,836	3,246,477
	78,003,571	16,469,428

6.1. Sundry sales includes sale of scraps, raw materials.

6.2. Sundry income includes write back of unclaimed credit balances of trade receivables/unclaimed dividends and interest received for refundable deposits.

7. PROFIT FROM OPERATIONS

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Profit from operation is stated after charging all expenses including the following.		
Directors' emoluments/ fee	3,300,000	6,431,666
Auditors' remuneration		
Statutory audit	1,195,000	1,075,000
Audit related services	165,000	165,000
Depreciation on property, plant and equipment	87,410,160	91,861,637
Provision for obsolete and slow moving inventories	4,038,051	39,843,420
Write off of inventory during the year	9,057,750	8,591,922
Provision for impairment of trade and other receivables	-	6,782,012
(Reversal of provision)/provision for warranties	(7,537,496)	4,273,600
Write off of property, plant and equipment	562	26,176
Legal fees	581,620	1,277,864
Donations	70,000	1,120,000
Staff Costs - (Note 7.1)	1,142,097,693	1,001,373,031

7.1 Staff cost other than directors emoluments

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Salaries, wages and related cost	768,403,671	661,153,117
Defined contribution plan cost-EPF,ETF	65,222,402	59,117,845
Defined benefit plan cost-retiring gratuity	36,109,521	34,203,744
Staff cost other than above	272,362,099	246,898,325
	1,142,097,693	1,001,373,031

8. NET FINANCE INCOME

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
8.1 Finance income		
Interest income from foreign currency deposits	144,359,564	139,638,562
Interest income from local currency deposits	37,001,289	95,882,777
Interest income from loan given to ACL Cables PLC	-	11,388,246
Gain on financial assets measured at FVTPL	339,074,860	196,148,584
Net foreign exchange gain	221,913,353	-
Total finance income	742,349,066	443,058,169
8.2 Finance expenses		
Net foreign exchange loss	-	(52,929,545)
Interest expense on bank overdraft	(35,032)	(70,985)
Interest expense on bank loans	(14,280,869)	(3,333,384)
Interest expense on lease liabilities	(137,633)	(208,227)
Interest expense on distributor deposits and staff money retained	(8,543,113)	(7,722,119)
Total finance expense	(22,996,647)	(64,264,260)
Net finance income recognised in profit or loss	719,352,419	378,793,909

9. INCOME TAX EXPENSE

9.1 Amounts recognised in Profit or Loss

For the year ended 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Current tax		
Current tax expense - (Note 9.3)	932,570,392	937,157,818
Under provision in respect of prior years	3,009,544	2,110,181
	935,579,936	939,267,999
Deferred tax		
Deferred tax liability originated/(reversal) during the year - (Note 28.2)	77,737,847	(2,358,732)
Deferred tax assets reversal/(originated) during the year - (Note 28.1)	12,344,361	(2,186,600)
	90,082,208	(4,545,332)
Income tax expense recognised in profit or loss	1,025,662,144	934,722,667

9.2 Amounts recognised in Other Comprehensive Income

	Value before tax	Tax (expenses) / benefit	Net of tax
	Rs.	Rs.	Rs.
For the year ended 31 March 2026			
Actuarial loss on employee benefit obligations	(5,391,368)	1,617,410	(3,773,958)
	(5,391,368)	1,617,410	(3,773,958)
For the year ended 31 March 2025			
Actuarial loss on employee benefit obligations	(15,830,338)	4,749,101	(11,081,237)
	(15,830,338)	4,749,101	(11,081,237)

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

For the year ended 31 March,	Company and Investee		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Profit before tax	3,424,171,669	3,236,109,044	3,420,707,120	3,237,409,171
Share of (profit)/loss of equity accounted investee	(3,464,549)	1,300,127	-	-
Aggregate disallowable expenses	121,717,833	186,605,263	121,717,833	186,605,263
Aggregate allowable expenses	(140,374,590)	(129,669,020)	(140,374,590)	(129,669,020)
Income not liable for tax	(293,482,390)	(170,486,020)	(293,482,390)	(170,486,020)
Taxable Income	3,108,567,973	3,123,859,394	3,108,567,973	3,123,859,394
Income tax on current year profit	932,570,392	937,157,818	932,570,392	937,157,818

9.4 Applicable income tax rates

In accordance with the provisions of the Inland Revenue (Amendment) Act No 45 of 2022, the Company is liable for income tax at the rate of 30% on its taxable income.

9. INCOME TAX EXPENSE (CONTD.)

9.5 Reconciliation of effective tax rate

For the year ended 31 March,	Company and Investee / Company			Company and Investee / Company		
	2026			2025		
	Rs.	Rs. Tax	%	Rs.	Rs. Tax	%
Profit before tax	3,420,707,120	1,026,212,136	30%	3,237,409,171	971,222,751	30%
Aggregate disallowable expenses	121,717,833	36,515,350	1.1%	186,605,263	55,981,579	1.7%
Exempt income	(293,482,390)	(88,044,717)	-2.6%	(170,486,020)	(51,145,807)	-1.6%
Aggregate allowable expenses	(140,374,590)	(42,112,377)	-1.2%	(129,669,020)	(38,900,706)	-1.2%
Changes in estimates related to prior years	-	3,009,544	0.1%	-	2,110,181	0.1%
Deferred tax charge/(reversal)	-	90,082,208	2.6%	-	(4,545,332)	-0.1%
	3,108,567,973	1,025,662,144	30.0%	3,123,859,394	934,722,666	28.9%

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

For the year ended 31 March,	Company and Investee		Company	
	2026	2025 (Restated)	2026	2025 (Restated)
Profit attributable to ordinary shareholders (Rs.)	2,398,509,525	2,301,386,377	2,395,044,976	2,302,686,504
Weighted average number of ordinary shares	218,000,000	218,000,000	218,000,000	218,000,000
Basic earnings per share (Rs.)	11.00	10.56	10.99	10.56

Diluted earnings per share

On 18th December 2025, a special resolution stating sub-division of shares has been duly passed by the shareholders unanimously at the Extra Ordinary General Meeting of the Company on the said date. Accordingly, the number of shares of the Company after the sub-division is as follows.

No of shares prior to the sub division	21,800,000
No of share after the sub division	218,000,000

The denominator for the purposes of calculating both basic and diluted earnings per share and net asset per share have been adjusted to reflect the share split made as disclosed above.

There were no potentially dilutive ordinary shares as at 31 March 2026.

11. DIVIDEND PER SHARE

For the year ended 31 March,	Company 2026	2025
Interim dividend declared - 2023/24- (Rs.)	-	218,000,000
Interim dividend declared - 2024/25- (Rs.)	327,000,000	-
	327,000,000	218,000,000
Gross dividend -(Rs.)	327,000,000	218,000,000
Number of shares	21,800,000	21,800,000
Dividend per share (Rs.)	15.00	10.00

12. PROPERTY, PLANT AND EQUIPMENT

12.1 Reconciliation of carrying amount

	Company and Investee / Company								
	Freehold land	Buildings	Furniture, fittings and office equipment	Business Machines	Motor Vehicles	Plant, machinery, and electrical fittings	Capital work-in -progress	Total as at 31 March 2026	Total as at 31 March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/Revaluation									
Balance as at 1 April	639,206,000	424,405,700	29,536,486	33,652,082	211,328,222	814,328,936	310,839,600	2,463,297,026	2,383,159,865
Additions during the year	41,133,499	4,288,709	1,901,968	13,797,617	15,200,000	31,454,127	44,317,697	152,093,617	80,765,958
Transfers during the year	-	-	-	-	-	91,262,389	(91,262,389)	-	-
Write-off during the year			(326,043)	(260,500)		(855)		(587,398)	(628,797)
Disposals during the year	-	-	-	-	-	(625,000)	-	(625,000)	-
Balance as at 31 March	680,339,499	428,694,409	31,112,411	47,189,199	226,528,222	936,419,597	263,894,908	2,614,178,245	2,463,297,026
Accumulated depreciation									
Balance as at 1 April	-	40,969,268	19,112,572	26,521,311	199,432,190	683,104,334	-	969,139,675	877,880,659
Charge for the year	-	41,184,533	1,916,443	4,072,206	8,041,727	32,195,251	-	87,410,160	91,861,637
Write-off during the year			(325,481)	(260,500)		(855)		(586,836)	(602,621)
Disposals during the year	-	-	-	-	-	(625,000)	-	(625,000)	-
Balance as at 31 March	-	82,153,801	20,703,534	30,333,017	207,473,917	714,673,730	-	1,055,337,999	969,139,675
Carrying value									
As at 31 March 2026	680,339,499	346,540,608	10,408,877	16,856,182	19,054,305	221,745,867	263,894,908	1,558,840,246	
As at 31 March 2025	639,206,000	383,436,432	10,423,914	7,130,771	11,896,032	131,224,602	310,839,600		1,494,157,351

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.2 Valuation of lands and buildings

The Company uses the revaluation model of measurement for land and buildings. The Company engaged Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka, an independent valuer, to determine the fair value of its lands and buildings. Fair value is determined with reference to market-based evidence. Valuations are based on open market rates, adjusted for any differences in the nature, location or condition of the specific property. The date of the most recent valuation was 31 March 2024. There is no significant change in fair value especially as confirmed by the independent valuer on 31 March 2026.

Fair value hierarchy

The fair value of the land and buildings was determined by an external independent property valuer, Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 12.4.

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

Property owned by Kelani Cables PLC	Extent		No of buildings	Method of valuation	Date of Valuation	Valuer	Revalued Amount		As at 31 March 2024	
	Land	Buildings					Land	Buildings	Carrying value after revaluation	Carrying value if carried at cost
	(Perches)	(Square feet)					Rs.	Rs.	Rs.	Rs.
Land and buildings situated at Wewelduwa, Kelaniya	1,086.40	122,223	19	Market comparable method/ Depreciated replacement cost method	31.03.2024	Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka	573,100,000	313,546,200	886,646,200	243,946,605
Land and buildings situated at Mahena Road, Siyamblape South, Siyamblape	172.75	35,583	5	Market comparable method/ Depreciated replacement cost method	31.03.2024	Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka	56,000,000	101,000,000	157,000,000	10,007,822
	1,259.15	157,806	24				629,100,000	414,546,200	1,043,646,200	253,954,427

The land and buildings were revalued as at 31 March 2024, by external independent property valuer Mr. Senanayake Bandara ,a Fellow Member of Institute of Valuers of Sri Lanka. The surplus on revaluation of Rs. 356,135,172/- relating to land and buildings was incorporated in the financial statements on 31 March 2024. These assets were valued in an open market value for existing use basis, the surplus arising from the revaluation was transferred to the revaluation reserve under the Capital Reserve.

The details of free hold land and buildings as at 31 March 2026 as follows.

Property owned by Kelani Cables PLC	Extent		No of buildings	Carrying Amount as at 31 March 2026		Carrying value if carried at cost- as at 31 March 2026	
	Land	Buildings		Land	Buildings	Land	Buildings
	(Perches)	(Square feet)		Rs.	Rs.	Rs.	Rs.
Land and buildings	1,302.18	160,882	26	680,339,499	346,540,608	258,328,105	46,929,376

12.4 Significant unobservable inputs used in measuring fair value

The table below sets out the significant unobservable inputs used in measuring land and buildings categorised as Level 3 in the fair value hierarchy as at 31 March 2024.

Location and address of property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement The estimated fair value would increase/ (decrease) if:
Welelduwa, Kelaniya	Market comparable method	Land - Price per perch	Rs.100,000/- to Rs.1,325,000/-	Price per perch for land increases/(decreases)
	Depreciated replacement cost method	Building -Price per square feet	Rs.1,100/- to Rs.5,250/-	Price per square feet for buildings increases/ (decreases)
Mahena Road, Siyambalape South, Siyamblape	Market comparable method	Land - Price per perch	Rs. 325,000/-	Price per perch for land increases/(decreases)
	Depreciated replacement cost method	Building -Price per square feet	Rs1,000/-to Rs.3,500/-	Price per square feet for buildings increases/ (decreases)

Market comparable method

Market comparable method considered the selling price of a similar property within a reasonable period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transaction, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

Replacement cost method

The Replacement Cost method is a method used in real estate appraisal to estimate the value of a property. It is commonly employed for properties with unique features or characteristics that make it difficult to find comparable properties for comparison. This approach focuses on determining the cost to replace or reproduce the property in its current condition.

12.5 Fully depreciated property, plant and equipment in use

Details of fully depreciated assets as at the reporting date is as follows;

As at 31 March,	Company and Investee / Company	
	2026 Rs.	2025 Rs.
Furniture, fittings and office equipment	11,795,682	10,724,649
Business machines	18,452,404	18,378,204
Motor vehicles	182,578,222	130,802,504
Plant, machinery, and electrical fittings	551,094,579	530,720,618
	763,920,887	690,625,975

12.6 Property, plant and equipment pledged as security

There are no property, plant and equipment pledged as security for liabilities as at the reporting date of the company.

12.7 Restriction on title to property, plant and equipment

There are no restrictions that existed on the title of the property , plant and equipment of the Company as at the reporting date.

12.8 Assessment of impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2026 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 (2024/2025. - Nil).

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.9 Temporarily idle property, plant and equipment

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

12.10 Property, plant and equipment under construction

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

13. INTANGIBLE ASSETS

13.1 Reconciliation of carrying amount

As at 31 March	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Computer software		
Cost		
Balance as at 1 April	12,750,925	12,750,925
Balance as at 31 March	12,750,925	12,750,925
Accumulated amortisation		
Balance as at 1 April	12,750,925	12,750,925
Balance as at 31 March	12,750,925	12,750,925
Carrying value as at 31 March	-	-

14. INVESTMENT PROPERTY

14.1 Reconciliation of carrying amount

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Balance as at 1 April	780,000,000	750,000,000
Change in fair value (Note 14.2)	66,000,000	30,000,000
Balance as at 31 March	846,000,000	780,000,000

Changes in the fair values are recognized as gain in profit or loss. All gains are unrealised.

14.2 Details of the land under investment property

Investment property represent the bare land owned by the Company.

Location	Extent	Carrying value Rs.
Situated at No.78, Raja Mawatha, Ekala, Ja-ela, Sri Lanka.	13A .00R .02P	846,000,000

14.3 Measurement of fair value

Investment properties of the Company are accounted for on the fair value model. The value has been determined on the fair value basis using market evidence. The last valuation was carried out by an independent professional Valuer Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31 March 2026.

The significant unobservable inputs used in measuring land is categorised as Level 3 in the fair value hierarchy as at 31 March 2026.

Valuation Technique - Market comparable method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

Valuation Technique	Range of estimates for unobservable inputs - price per acre	Carrying value before revaluation of land	Fair value of land	Fair value gain recognised on land	Significant unobservable valuation inputs	Inter relationship between significant unobservable inputs and fair value measurement
	Rs.	Rs.	Rs.	Rs.		
Market comparable method	62,500,000 - 67,500,000	780,000,000	846,000,000	66,000,000	Price per perch for land	Estimated fair value would increases/(decreases) If; price per perch of land increases/ (decreases)

14.4 As per the Inland Revenue (Amendment) Act No 45 of 2022 which has been legislated and has become effective from 01st October 2022, the Company will be liable for capital gain tax at the rate of 30% on the disposal value in excess of the deemed cost of investment assets. Accordingly, deferred tax liability has been recognized in the financial statements.

14.5 Direct operating expenses arising from investment property that did not generate rental income during the year was Rs. 112,000/- (2024/25 -Rs.192,000/-).

15. INVESTMENT IN SUBSIDIARY

	Company and Investee / Company			
As at 31 March,	Company Holding	No. of Shares	2026 Rs.	2025 Rs.
Kelani Electrical Accessories (Pvt) Limited				
Cost	100%	8	80	80
Provision for investment			(80)	(80)
			-	-

Kelani Electrical Accessories (Pvt) Limited has ceased operations since September 1995. Accordingly, the Directors had decided to provide in full, for the aforesaid investment. Further the Company has not re-registered under the new Companies Act No 7 of 2007.

The Company has opted not to present consolidated financial statements since the subsidiary does not have legal status and the financial position of the subsidiary as at the reporting date was not material.

16. RIGHT-OF-USE ASSETS

As at 31 March	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Cost		
Balance as at 1st April	2,979,928	4,911,092
Termination of lease assets	-	(4,911,092)
Additions to right-of-use assets	-	2,979,928
Balance as at 31 March	2,979,928	2,979,928
Accumulated amortisation		
Balance as at 1 April	1,117,473	3,571,684
Termination of lease assets	-	(3,571,684)
Charge for the year	1,489,964	1,117,473
Balance as at 31 March	2,607,437	1,117,473
Carrying value as at 31 March	372,491	1,862,455

16.1 Lease Additions – Prince Street Premises

On 11th July 2024, the Company entered into a lease agreement with Mr. Mohammed Suffiyan Mohammed Shihab and Mr. Mohammed Suffiyan Althaf Ahamed for the lease of commercial premises located at No. 11-1/1, Prince Street, Colombo 11, for a period of two years ending on 10th July 2026.

In accordance with SLFRS 16 , the Company has recognized a right-of-use asset and a corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments, and the right-of-use asset is depreciated over the lease term.

The lease does not include an automatic renewal option. However, the Company may request a renewal by giving three months' written notice prior to the lease expiry, subject to mutual agreement of both parties. The lease may be terminated early in the event of a breach. If the Lessee fails to rectify the breach within 14 days of written notice from the Lessors, the Lessors have the right to terminate the lease.

16.2 Lease Termination – Maliban Street Premises

The Company previously occupied premises at No. 90/1 and 90/2, Maliban Street, Colombo 11, under a lease agreement with Mr. Anto Robinson Morais. Upon the Company's request, the lessor formally approved the early termination of the lease, effective 01st April 2024.

In accordance with SLFRS 16 , the Company has derecognized the associated right-of-use asset and lease liability as of the termination date. any resulting gain or loss on derecognition has been recognized in the profit or loss.

17. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

ACL-Kelani Magnet Wire (Private) Limited is the Equity Accounted Investee. The principal place of business of ACL-Kelani Magnet Wire (Private) Limited is - No.107, Raja Mawatha, Ekala, Ja-Ela, Sri Lanka and registered address is No. 60, Rodney Street, Colombo 08, Sri Lanka.

17.1 Investment in ACL-Kelani Magnet Wire (Private) Limited

As at 31 March,	Company	
	2026	2025
	Rs.	Rs.
Investment in ACL-Kelani Magnet Wire (Private) Limited	51,200,000	51,200,000
	51,200,000	51,200,000

The Company has stake of 29.99% in ACL Kelani Magnet Wire (Pvt) Ltd whose principal business activities were manufacturing, exporting and selling all kinds and gauges of enamelled wire. The ultimate parent Company of both ACL Kelani Magnet Wire (Pvt) Ltd and Kelani Cables PLC is ACL Cables PLC.

ACL-Kelani Magnet Wire (Private) Limited has suspended its commercial operations from 28 February 2019.The Board of Directors are of the opinion that no asset of the Associate Company is likely to be realized for an amount less than the amount at which it is recorded in the Associate's financial statements as at 31 March 2026 accordingly no provision for impairment is recognized.

17.2 Value of the investment

As at 31 March,	Company and Investee 2026 Rs.	2025 Rs.
Balance as at 1 April	78,839,253	80,139,380
Current years share of comprehensive income		
Included in profit or loss (Note 17.2.1)	3,464,549	(1,300,127)
Included in other comprehensive income (Note 17.2.2)	-	-
Included in total comprehensive income	3,464,549	(1,300,127)
Investment in equity accounted investee	82,303,802	78,839,253
17.2.1 Included in Profit or loss		
Share of profit before tax	15,488,511	6,500,363
Share of income tax charge	(6,812,838)	(7,800,490)
Prior year adjustment	(5,211,124)	-
Share of profit/(loss) of equity accounted investee, net of tax	3,464,549	(1,300,127)

The following table illustrates summarised information of the Company's investment in ACL Kelani Magnet Wire (Private) Ltd;

17.2 Carrying amount of the interest in associate

As at 31 March	Company and Investee 2026 Rs.	2025 Rs.
Percentage ownership interest	29.99%	29.99%
Financial position of equity accounted investee		
Non current assets	-	-
Current assets	468,979,748	419,966,860
Non-current liabilities	-	-
Current liabilities	(194,542,261)	(157,081,722)
Net assets (100%)	274,437,487	262,885,138
Company's share of net assets (29.99%)	82,303,802	78,839,253
Carrying amount of interest in associate	82,303,802	78,839,253

17.3 Company's share of comprehensive income

For the year ended 31 March,	Company and Investee 2026 Rs.	2025 Rs.
Financial performance of equity accounted investee		
Revenue (100%)	-	-
Profit/(loss) for the year, net of tax (100%)	28,928,551	(4,335,203)
Other comprehensive income (100%)	-	-
Total Comprehensive income (100%)	28,928,551	(4,335,203)
Company's share of total comprehensive income (29.99%)	8,675,673	(1,300,127)
Share of comprehensive income, net of tax	3,464,549	(1,300,127)

18. INVENTORIES

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Raw materials	908,393,645	882,942,966
Work-in-progress	560,081,854	647,819,870
Finished goods	2,045,411,400	2,173,789,346
Consumable stocks	92,610,328	98,226,609
	3,606,497,227	3,802,778,791
Provision for obsolete inventories (Note-18.1)	(228,950,063)	(272,377,031)
	3,377,547,164	3,530,401,760
Goods in transit	814,507,510	361,958,330
	4,192,054,674	3,892,360,090

18.1 Provision for obsolete inventories

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Balance as at 1 April	272,377,031	236,302,302
Provision recognised during the year	4,038,051	39,843,420
Write off of inventories	(47,465,019)	(3,768,691)
Balance as at 31 March	228,950,063	272,377,031

19. TRADE AND OTHER RECEIVABLES

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Trade receivables	2,382,841,586	2,181,235,032
Provision for impairment of trade receivables (Note -19.1)	(95,377,315)	(110,821,591)
	2,287,464,271	2,070,413,441
Other receivables		
Staff advances	9,474,344	15,544,667
Advance paid to trade creditors	324,601,187	41,532,816
Receivables other than above	4,834,060	2,712,880
Provision for impairment of other receivables (Note -19.2)	(111,600)	(111,600)
	338,797,991	59,678,763
	2,626,262,262	2,130,092,204

19.1 Provision for impairment of trade receivables

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Balance as at 1 April	110,821,591	153,435,257
Written-off during the year (Note 19.1.a)	(15,444,276)	(49,395,678)
Provision/(provision reversal) during the year	-	6,782,012
Balance as at 31 March	95,377,315	110,821,591

19.1.a There is no enforcement activities relation to the write off of debtors during the year.

19.2 Provision for impairment of other receivables

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Balance as at 1 April	111,600	111,600
Balance as at 31 March	111,600	111,600

20. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Investment in Unit Trust		
Balance as at 1 April	3,583,976,538	987,261,268
Investments made during the year	3,793,000,000	3,480,000,000
Redemption made during the year	(2,828,000,000)	(1,075,000,000)
Capital gain on investment in unit trusts	155,288,660	92,057,283
Remeasurement gain of investment in unit trusts	183,786,200	99,657,987
Balance as at 31 March	4,888,051,398	3,583,976,538

Investment details

As at 31 March,	2026			2025		
	No. of units	Cost	Fair Value	No. of units	Cost	Fair Value
		Rs.	Rs.		Rs.	Rs.
Institution						
Capital Alliance Investments Ltd- Investment Grade Fund	85,147,862	3,236,310,850	3,384,670,093	22,919,204	782,818,428	833,883,137
Capital Alliance Investments Ltd. -Fixed Income Opportunities Fund	27,313,513	1,041,796,238	1,145,050,732	63,261,226	2,375,000,000	2,417,192,476
NDB Wealth Management Limited	9,288,012	300,000,000	358,330,573	9,288,012	300,000,000	332,900,925
	121,749,387	4,578,107,088	4,888,051,398	95,468,442	3,457,818,428	3,583,976,538

21. INVESTMENT IN FIXED DEPOSITS

21.1 Investment in fixed deposits - (Non -current)

	Company and Investee / Company	
As at 31 March,	2026	2025
	Rs.	Rs.
Balance as at 1 April	-	-
Investments during the year	50,000,000	-
Balance at the end of the year	50,000,000	-
Interest receivable	896,175	-
Balance as at 31 March	50,896,175	-

21.2 Investment in fixed deposits - (Current)

	Company and Investee / Company	
As at 31 March,	2026	2025
	Rs.	Rs.
Balance as at 1 April	2,940,439,015	3,799,155,205
Investments during the year	3,204,387,022	3,391,426,143
Withdrawals during the year	(2,990,439,015)	(4,241,069,725)
Exchange gain/(loss)	75,068,810	(9,072,608)
Balance at the end of the year	3,229,455,832	2,940,439,015
Interest receivable	33,368,187	35,022,718
Balance as at 31 March	3,262,824,019	2,975,461,733

22. CASH AND CASH EQUIVALENTS

	Company and Investee / Company	
As at 31 March,	2026	2025
	Rs.	Rs.
Cash in hand	1,434,713	1,733,258
Cash at bank	728,579,450	683,095,429
Cash and cash equivalents in the statement of financial position	730,014,163	684,828,687
Bank overdraft	(1,421,372)	(7,297,277)
Cash and cash equivalents in the statement of cash flows	728,592,791	677,531,410

23. STATED CAPITAL

	Company and Investee / Company	
As at 31 March,	2026	2025
	Rs.	Rs.
Issued and fully paid		
218,000,000 Ordinary shares (31/03/25 - 21,800,000)	218,000,000	218,000,000
	218,000,000	218,000,000

On 18th December 2025, a special resolution stating sub-division of shares has been duly passed by the shareholders unanimously at the Extra Ordinary General Meeting of the Company on the said date. Accordingly, the number of shares of the Company after the sub-division is as follows.

No of shares prior to the sub division	21,800,000
No of share after the sub division	218,000,000

23.1 Rights, preferences and restrictions of classes of capital

The holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

24. CAPITAL RESERVES

As at 31 March,	Company and Investee 2026 Rs.	Company and Investee 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revaluation reserve (Note 24.1)	822,934,321	822,934,321	746,702,077	746,702,077
Capital redemption reserve fund (Note 24.2)	525,000	525,000	525,000	525,000
	823,459,321	823,459,321	747,227,077	747,227,077

24.1 Revaluation reserve

Revaluation reserve relates to the resultant surplus on revaluation of land and buildings of the Company net of related tax.

As at 31 March,	Company and Investee 2026 Rs.	Company and Investee 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Balance as at 1 April	822,934,321	822,934,321	746,702,077	746,702,077
Surplus on revaluation of land	-	-	-	-
Surplus on revaluation of buildings	-	-	-	-
Deferred tax effect on revaluation	-	-	-	-
Share of OCI of equity accounted investee, net of tax	-	-	-	-
Balance as at 31 March	822,934,321	822,934,321	746,702,077	746,702,077

24.2 Capital redemption reserve fund

Capital redemption reserve fund was created consequent to redemption of preference shares.

25. GENERAL RESERVES

As at 31 March,	Company and Investee / Company 2026 Rs.	Company and Investee / Company 2025 Rs.
Development reserve (Note 25.1)	7,143,905	7,143,905
Dividend equalization reserve (Note 25.2)	-	1,000,000
Revenue reserve (Note 25.3)	422,992,095	422,992,095
	430,136,000	431,136,000

25.1 Development reserve

The development reserve reflects the amount the Company has reserved for future development expenditure.

25.2 Dividend equalisation reserve

Dividend equalization reserve amounting to Rs.1,000,000/- reflects the amount the Company had reserved for future dividend payments which was created in 1981/82. The Company has utilized the dividend equalization reserve of Rs. 1,000,000/- for the interim dividend of Rs. 15/- per share for the year ended 31 March 2025 during the year.

As at 31 March,	Company and Investee 2026 Rs.	Company and Investee 2025 Rs.
Balance as at 1 April	1,000,000	1,000,000
Utilized for dividend payments	(1,000,000)	-
Balance as at 31 March	-	1,000,000

25.3 Revenue reserve

The revenue reserve reflects the amount that the Company has reserved over the years from its retained earnings.

26. RETAINED EARNINGS

As at 31 March,	Company and Investee		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1 April	11,772,076,458	9,699,771,318	11,820,669,449	9,747,064,182
Profit for the year	2,398,509,525	2,301,386,377	2,395,044,976	2,302,686,504
Other comprehensive income for the year	(3,773,958)	(11,081,237)	(3,773,958)	(11,081,237)
Interim dividend declared during the year	(326,000,000)	(218,000,000)	(326,000,000)	(218,000,000)
Balance as at 31 March	13,840,812,025	11,772,076,458	13,885,940,467	11,820,669,449

27. EMPLOYEE BENEFITS

27.1 Defined contribution plans

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

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Employees' Provident Fund		
Employer's contribution	52,177,922	47,294,276
Employees' contribution	39,265,091	35,581,637
Employees' Trust Fund	13,044,480	11,823,569

27.2 Defined benefit plans - provision for retirement benefit obligation

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Present value of unfunded obligation (Note 27.2.1)	236,730,402	204,841,285
27.2.1 Movement of the liability recognised in statement of financial position		
Balance as at 1 April	204,841,285	182,332,418
Provision for the year (Note 27.2.1.a)	36,109,521	34,203,744
Actuarial loss during the year (Note 27.2.1.b)	5,391,368	15,830,338
	246,342,174	232,366,500
Payments during the year	(9,611,772)	(27,525,215)
Balance as at 31 March	236,730,402	204,841,285
27.2.1.a Amount recognised in the profit or loss		
Current service cost	14,601,186	12,323,854
Interest cost	21,508,335	21,879,890
	36,109,521	34,203,744
27.2.1.b Amount recognised in the statement of other comprehensive income		
Actuarial loss during the year	5,391,368	15,830,338
	5,391,368	15,830,338
The expense is recognised in the following line items in the profit or loss		
Cost of sales	17,012,748	15,466,140
Distribution expenses	12,217,824	11,107,116
Administrative expenses	6,878,949	7,630,488
	36,109,521	34,203,744

The provision for retirement benefit obligation as at 31 March 2026 is based on the actuarial valuation carried out by Independent professionally qualified actuaries, Mr. M. Poopalanathan AIA of Messers Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

27.3 Actuarial assumptions

As at 31 March,	Company and Investee / Company 2026	2025
Following were the principal actuarial assumptions at the reporting date.		
(a) Discount rate	10.0%	10.5%
(b) Future salary increase rate	10.0%	10.0%
(c) Retirement age	60 years	60 years
(d) Staff turnover	16.0%	15.0%
(e) Weighted average retirement age	5.5 years	5.83 years
(f) Weighted average duration of defined benefit obligations	5 years	5.1 years

A long term treasury bond rate 10.0% p.a. (2025 -10.5%) was used to discount future liabilities taking in to consideration the remaining working life of employees.

According to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continuous service.

Other assumptions regarding future mortality are based on A67-70 (Ultimate) UK Assured Lives Table.

The gratuity liability is not externally funded.

It is also assumed that the company will continue in business as a going concern.

27.4 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits obligation by the amounts shown below,

As at 31 March,	Company and Investee / Company 2026			
	Discount rate	Effect Rs.	Salary increment rate	Effect Rs.
Effect on defined benefit obligation liability				
Increase by 1%	11.0%	(9,825,418)	11.0%	11,657,575
Decrease by 1%	9.0%	10,682,422	9.0%	(10,901,902)

As at 31 March,	Company and Investee / Company 2025			
	Discount rate	Effect Rs.	Salary increment rate	Effect Rs.
Effect on defined benefit obligation liability				
Increase by 1%	11.5%	(9,083,553)	11.0%	10,781,099
Decrease by 1%	9.5%	9,902,311	9.0%	(10,050,007)

27. EMPLOYEE BENEFITS (CONTD.)

27.5 Maturity profile of the defined benefit obligation

As at 31 March,	Defined benefit obligation 2026 Rs.	2025 Rs.
Future working life times		
Within the next 12 months	33,739,211	25,389,375
Between 1-2 years	74,452,402	47,814,122
Between 2-5 years	61,849,395	64,190,676
Between 5-10 years	46,823,216	49,283,424
Beyond 10 years	19,866,178	18,163,688
	236,730,402	204,841,285

28. DEFERRED TAX LIABILITY

As at 31 March,	Company and Investee / Company 2026 Rs.	2025 Rs.
Deferred tax assets (Note 28.1)	(168,536,317)	(179,263,268)
Deferred tax liabilities (Note 28.2)	485,752,513	408,014,666
Net deferred tax liability	317,216,196	228,751,398

28.1 Deferred tax assets

Balance as at 1 April	179,263,268	172,327,567
Originated/(reversal) during the year - recognized in profit or loss	(12,344,361)	2,186,600
Originated during the year recognized in other comprehensive income	1,617,410	4,749,101
Balance as at 31 March	168,536,317	179,263,268

28.2 Deferred tax liabilities

Balance as at 1 April	408,014,666	410,373,398
Originated/(reversal) during the year recognized in profit or loss	77,737,847	(2,358,732)
Balance as at 31 March	485,752,513	408,014,666

28.3 Provision for the year

Originated/(reversal) during the year recognized in profit or loss	90,082,208	(4,545,332)
Provision reversal during the year recognized in other comprehensive income	(1,617,410)	(4,749,101)
Provision /(provision reversal) during the year recognized in comprehensive income	88,464,798	(9,294,433)

28.4 Movement in deferred tax asset and liabilities

As at 31 March,	Statement of Financial Position				Profit or loss		Other Comprehensive Income	
	2026		2025		2026	2025	2026	2025
	Temporary difference	Tax Effect	Temporary difference	Tax effect	Timing difference	Timing difference	Timing difference	Timing difference
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liability								
Property, plant and equipment	547,668,334	164,300,500	436,175,035	130,852,511	33,447,989	(11,515,647)	-	-
Land revaluation	422,011,394	126,603,418	422,011,394	126,603,418	-	-	-	-
Investment property	566,000,000	169,800,000	500,000,000	150,000,000	19,800,000	9,000,000	-	-
Right-of-use assets	372,491	111,747	1,862,455	558,737	(446,990)	156,915	-	-
Unrealised exchange gain	83,122,826	24,936,848	-	-	24,936,848	-	-	-
		485,752,513		408,014,666	77,737,847	(2,358,732)	-	-
Deferred tax assets								
Retirement benefit obligation	236,730,402	71,019,121	204,841,285	61,452,386	7,949,325	2,003,560	1,617,410	4,749,101
Provision for staff payables	320,800	96,240	371,006	111,302	(15,062)	(25,940)	-	-
Impairment provision for debtors	95,377,315	28,613,195	110,821,591	33,246,477	(4,633,282)	(12,784,100)	-	-
Provision for obsolete inventory	228,950,063	68,685,019	272,377,031	81,713,109	(13,028,090)	10,822,418	-	-
Lease liability	409,140	122,742	1,938,163	581,449	(458,707)	12,117	-	-
Unrealised exchange loss	-	-	7,195,150	2,158,545	(2,158,545)	2,158,545	-	-
		168,536,317		179,263,268	(12,344,361)	2,186,600	1,617,410	4,749,101
		(317,216,196)		(228,751,398)	(90,082,208)	4,545,332	1,617,410	4,749,101

Management has measured the net deferred tax liability by applying 30% tax rate as per Inland Revenue (Amendment) Act No 45 of 2022 as at 31 March 2026 on the temporary difference as at 31 March 2026.

28.5 Tax on land valuation

As per the Inland Revenue Act No 24 of 2017, applicable from 1st April 2018, any gains on realization from disposal of lands used in the business are liable for taxation under the business income of the entity. Accordingly, the realisation gains shall be the amount by which the sum of the consideration received on the asset that exceeds the acquiring cost and any accumulated allowable costs incurred on improvement thereon at the time of the realisation.

The Company has recognised a revaluation reserve on freehold land amounting to Rs. 422,011,394/- as at 31st March 2026, which is considered as the potential gain liable for taxation as at the Balance Sheet date on future realisation. Accordingly, the Company has recognised a deferred tax liability of Rs. 126,603,418/- pertaining to revaluation reserve on freehold lands, which is computed at the corporate tax rate of 30%.

29. INTEREST BEARING BORROWINGS

Borrowings from banks

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Balance as at 1 April	35,460,369	82,098,501
Loans obtained during the year	494,300,000	-
Loan repayments during the year	(279,938,132)	(46,638,132)
Balance as at 31 March	249,822,237	35,460,369
Current	235,638,122	10,638,122
Non-current	14,184,115	24,822,247
Balance as at 31 March	249,822,237	35,460,369

29.1 The details the bank borrowings as at the reporting date are as follows :

Lender	Currency	Interest rate	Year of maturity	2026 Loan amount	2026 Carrying amount	2025 Loan amount	2025 Carrying amount
				Rs.	Rs.	Rs.	Rs.
Hatton National Bank PLC	LKR	AWPLR - 0.25%	2026	225,000,000	225,000,000	-	-
DFCC Bank PLC	LKR	7.25% - 8.5% p.a	2029	74,466,853	24,822,237	74,466,853	35,460,369
				299,466,853	249,822,237	74,466,853	35,460,369

30 LEASE LIABILITIES

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Balance as at 1 April	1,938,163	1,897,774
Additions during the year	-	2,979,928
Termination of lease agreement	-	(1,897,774)
Interest expense during the year	137,633	208,227
Payments made during the year	(1,666,656)	(1,249,992)
Balance as at 31 March	409,140	1,938,163
Current	409,140	1,529,023
Non-current	-	409,140
Balance as at 31 March	409,140	1,938,163
Amounts recognised in profit or loss		
Interest on lease liabilities	137,633	208,227
Amortization on right of use assets	1,489,964	1,117,473
Amounts recognised in statement of cashflows		
Interest repayment during the year	137,633	208,227
Capital repayment during the year	1,529,023	1,041,765

31. TRADE AND OTHER PAYABLES

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Trade payables		
Trade payables	830,116,961	773,601,628
Bills payable	26,652,286	51,702,550
	856,769,247	825,304,178
Other payables		
Accrued charges	244,977,956	130,850,467
Nation building tax payable	17,827,208	17,827,208
SSCL payable	38,625,089	27,983,279
Receivables in suspense	35,720,732	6,647,313
EPF, ETF payable	8,764,783	7,957,474
APIT payable	2,717,844	3,321,929
Refundable distributors' deposits	90,918,980	79,396,805
Advance from debtors	231,011,519	191,269,472
Retention of payments	60,697,926	52,867,087
Provision for warranties	1,434,261	8,971,757
Allocation for Electricians' club	10,440,369	14,278,066
Security Deposits of customers	7,020,588	7,020,588
Payables other than above	13,271,380	8,386,905
	763,428,635	556,778,350
	1,620,197,882	1,382,082,528

32. AMOUNT DUE TO/DUE FROM RELATED COMPANIES

32.1 Amount due to related companies

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
ACL Cables PLC	90,693,298	271,369,483
ACL Plastics PLC	527,576,641	271,028,494
ACL Electric (Pvt) Ltd	12,871,837	5,073,745
Cable Solutions PLC	-	19,875,018
ACL-Kelani Magnet Wire (Pvt) Ltd	75,000	-
ACL Metals & Alloys (Pvt) Ltd.	21,715,540	-
S M Lighting (Private) Ltd	7,401,695	8,394,156
	660,334,011	575,740,896

32. AMOUNT DUE TO/DUE FROM RELATED COMPANIES (CONTD.)

32.2 Amount due from related companies

As at 31 March,	Company and Investee / Company 2026 Rs.	2025 Rs.
Trade receivables		
Cable Solutions PLC	1,015,878	
Ceylon Copper (Pvt) Ltd	-	3,289,427
	1,015,878	3,289,427

32.2.1 Loan given to ACL Cables PLC

Balance as at 1 April	-	250,000,000
Loan granted during the year	-	-
Re-payments during the year	-	(250,000,000)
Balance as at 31 March	-	-

33. CURRENT TAX PAYABLES

As at 31 March,	Company and Investee / Company 2026 Rs.	2025 Rs.
Balance as at 1 April	916,647,603	893,394,166
Provision for the year (Note 9.3)	932,570,392	937,157,818
Charge of under provision of tax for last year (Note 9.1)	3,009,544	2,110,181
Payments made during the year	(1,040,904,185)	(916,014,562)
Balance as at 31 March	811,323,354	916,647,603

34 UNCLAIMED DIVIDENDS

As at 31 March,	Company and Investee / Company 2026 Rs.	2025 Rs.
Balance as at 1 April	17,909,912	14,721,507
Dividend declared	327,000,000	218,000,000
Write back of unclaimed dividends	(1,568,454)	(1,460,217)
Payments during the year	(320,087,491)	(213,351,378)
Balance as at 31 March	23,253,967	17,909,912

35. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) - "Related party disclosures ", the details of which are reported below.

Parent and Ultimate Controlling Entity

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

35.1 Key management personnel information

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly the KMP include members of the Board of Directors of the Company.

ACL Cable PLC is the ultimate parent of the Company and the board of directors of ACL Cable PLC has the authority and responsibility of planning, directing and controlling the activities of the Company. The Directors of ACL Cable PLC have also been identified as KMP of the Company.

(i) Loans given to Directors

No loans have been given to Directors of the Company.

Compensation paid to / on behalf of key management personnel of the company are as follows:

(ii) Key Management personnel compensation

For the year ended 31 March	2026 Rs.	2025 Rs.
Short term employee benefits/fee	3,300,000	6,431,666
Post employment benefits	-	11,610,313
Other Benefits	-	1,000,000

(iii) Guarantees given to/ received from related parties

There are no guarantees given to/received from related parties.

(iv) Transaction with close family members

There were no transaction with close family members during the year ended 31March 2026.

35.2 Transactions with Related Companies

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount	
				2026 Rs.	2025 Rs.
ACL Cables PLC	Ultimate parent company	U.G. Madanayake	Purchase of goods/raw materials (Gross)	(1,312,050,106)	(534,271,067)
		Suren Madanayake	Settlements during the year	1,498,958,326	536,881,737
		Mrs. N. C. Madanayake			
			Sale of goods, scraps and drawing charges (Gross)	107,455,962	48,322,525
			Settlements during the year	(112,974,917)	(100,495,247)
			Bills charged (by)/to ACL Cables PLC	(35,377,309)	(28,531,719)
			Settlements during the year	34,664,230	39,540,460
			Settlements during the year	-	(250,000,000)
			Interest on loan - charged	-	11,388,246
			Dividend paid	14,006,340	9,337,560
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(1,638,374,800)	(1,353,491,746)
		Suren Madanayake	Settlements during the year	1,381,830,800	1,486,171,170
		Mrs. N. C. Madanayake			
			Sale of goods/scraps (Gross)	6,686,404	5,120,215
			Settlements during the year	(6,690,552)	(4,676,548)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	U.G. Madanayake	Bills charged	(225,000)	-
		Suren Madanayake	Settlements during the year	150,000	-

35. RELATED PARTY TRANSACTIONS (CONTD.)

35.2 Transactions with Related Companies (Contd.)

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount	
				2026	2025
				Rs.	Rs.
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(74,215,805)	(72,734,905)
		Suren Madanayake	Settlements during the year	52,500,265	72,734,905
			Settlements on sales	-	(11,960)
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (Gross)	(27,617,399)	(44,271,947)
		Suren Madanayake	Settlements during the year	24,327,972	47,561,374
			Settlements on sales	-	(4,392,463)
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of finished goods (Gross)	(67,842,580)	(31,936,520)
		Suren Madanayake	Settlements during the year	59,990,909	36,153,523
			Sale of finished goods (gross)	144,287	88,952
			Settlements during the year	(90,708)	(89,678)
Lanka Olex Cables (Private) Ltd	Immediate parent company	U.G. Madanayake	Interim dividend payment 2024/25- Rs.15/- per share	245,240,220	-
		Suren Madanayake	Interim dividend payment 2023/24- Rs.10/- per share		163,493,480
		Mrs. N. C. Madanayake			
S. M. Lighting (Private) Ltd.	Related through KMP	Suren Madanayake	Purchase of finished goods (Gross)	(59,651,419)	(117,698,024)
			Settlements during the year	61,085,588	138,306,844
			Sale of finished goods (gross)	60,291	540,046
			Settlements during the year	(502,000)	-
Cable Solutions PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Sale of finished goods/ raw materials (gross)	33,360,297	8,154,386
		Suren Madanayake	Settlements during the year	(31,062,069)	(7,803,938)
			Purchase of finished goods/Services (Gross)	(115,372,942)	(275,727,283)
			Settlements during the year	133,965,609	305,619,633

Transactions with related parties are carried out in the ordinary course of business have been reviewed and approved by the Related Party Transaction Review Committee of the company. All these transactions were entered into with these related parties on an arm's length basis under normal commercial terms & conditions. Outstanding related parties account balances at the year-end are unsecured. No expense has been recognized in the current or prior year for bad and doubtful debts in respect of the amount owed by related parties. No guarantees were given or received for the transactions. This note should be read in conjunction with Note 32 to the Financial Statements.

35.3 Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue/income of the Company as per 31 March 2026 audited Financial Statements. Details of significant related party disclosures are as follows for the year ended 31 March 2026.

Company	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year Rs.	Aggregate value of related party transactions as % of net revenue/ income	Terms and conditions of the related party transactions
ACL Cables PLC	Ultimate parent company	Purchase of goods (Gross)	1,312,050,106	6.4%	Ordinary course of business
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials (gross)	1,638,374,800	7.9%	Ordinary course of business

35.4 Non-recurrent related party transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 March 2026 audited Financial Statements. Details of significant non-recurrent related party disclosures for the year ended 31 March 2026 are as follows

Company	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year Rs.	Aggregate value of related party transactions as % of equity	Aggregate value of related party transactions as % of total assets
Lanka Olex Cables (Private) Ltd	Ultimate parent company	Interim dividend payment 2024/25- Rs.15/- per share	245,240,220	1.6%	1.3%

36 RECLASSIFICATION OF PRIOR PERIOD BALANCE

Reclassifications mentioned below were made to the amounts reported previously for the year ended and as at 31 March 2025 for better presentation. These reclassifications have not resulted in any changes to the net assets reported previously.

As at 31 March,	Current Year Presentation 2026 Rs.	2025 Rs.	As reported Previously Rs.
Statement of Financial Position			
Reclassification of lease liability and interest bearing borrowings			
Non current liabilities			
Interest Bearing borrowings	14,184,115	24,822,247	25,231,387
Lease liability	-	409,140	-
Current liabilities			
Interest bearing borrowings	235,638,122	10,638,122	12,167,145
Lease liability	409,140	1,529,023	-

Lease liabilities previously presented under interest bearing borrowings were reclassified to Lease liability in the statement of financial position.

37. FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

37.1 Credit risk

37.2 Liquidity risk

37.3 Market risk

Introduction and overview

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee of Kelani Cables PLC, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

37.1 Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counter-party to a financial instrument fails to meet contractual obligations. Credit risk arises principally from the Company's receivables from customers and investment securities.

The Company extends credit facilities to customers during the course of business. Therefore, non-payment of trade debts is a key risk associated with trade receivables.

Exposure to credit risk

The gross carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows,

As at 31 March,	Company and Investee / Company	
	2026 Rs.	2025 Rs.
Financial assets at amortised cost		
Trade and other receivables other than advances - (Note 19)	2,387,675,646	2,183,947,912
Amount due from related companies (Note 32.2)	1,015,878	3,289,427
Deposits	10,944,206	10,694,206
Financial assets measured at FVTPL (Note 20)	4,888,051,398	3,583,976,538
Investment in fixed deposit (Note 21)	3,313,720,194	2,975,461,733
Cash at bank (Note 22)	728,579,450	683,095,429
	11,329,986,772	9,440,465,245

Expected credit loss assessment for trade receivables

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Company's similar assets in respect of losses that expected to be incurred. The collective loss allowance is determined based on historical data of payment statistics as at every reporting date.

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

As at 31 March 2026	Gross carrying amount Rs.	Impairment on trade receivables Rs.	Net carrying amount Rs.
Less than 30 days	1,323,509,257	16,036,992	1,307,472,265
Between 31 days - 60 days	699,363,362	10,231,789	689,131,573
Between 61 days - 90 days	232,182,584	6,608,829	225,573,755
Between 91 days - 180 days	66,469,074	6,598,127	59,870,947
Between 181 days - 365 days	8,286,690	2,870,959	5,415,731
More than 365 days	53,030,619	53,030,619	-
	2,382,841,586	95,377,315	2,287,464,271

As at 31 March 2025	Gross carrying amount Rs.	Impairment on trade receivables Rs.	Net carrying amount Rs.
Less than 30 days	1,103,305,053	3,130,438	1,100,174,615
Between 31 days - 60 days	521,354,530	3,329,736	518,024,794
Between 61 days - 90 days	357,134,595	5,444,303	351,690,292
Between 91 days - 180 days	91,541,345	8,611,590	82,929,755
Between 181 days - 365 days	35,046,540	17,452,555	17,593,985
More than 365 days	72,852,969	72,852,969	-
	2,181,235,032	110,821,591	2,070,413,441

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

	Company and Investee / Company	
As at 31 March,	2026 Rs.	2025 Rs.
Balance as at 1 April	110,821,591	153,435,257
Written-off during the year previously impaired	(15,444,276)	(49,395,678)
Provision during the year	-	6,782,012
Balance as at 31 March	95,377,315	110,821,591

a Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the market segment of the Company's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

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

37. FINANCIAL RISK MANAGEMENT (CONTD.)

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 and 60 days for individual and corporate customers respectively during the previous year 2024/25, the Company temporarily extended the credit terms to up to 60 days for specific customers with liquidity constraints arising as a direct result of the current economic conditions. All extensions were granted within current sales limits after careful consideration of the impact of the current economic conditions on the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

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

Control measures and action plans to mitigate risk

(a) Constant monitoring of trends in payment patterns.

(b) Being alert to indicators of insolvency by keeping abreast of economic reviews, news and analysis of published financial and other reports of key trade partners.

(c) Robust credit policy in place to review credit worthiness on a periodic basis.

(d) Every endeavour is made to secure revolving advances.

(e) Actively measuring trade debtor balances with collection targets and regular meetings to monitor and review efficacy of collection activities.

(f) Instituting legal action as a last resort.

b Credit risk on financial investments

Cash and Cash equivalents

The Company held cash and cash equivalents at banks of Rs, 729 Mn as at 31 March 2026 (2024/2025 - Rs. 683 Mn), which represents it's maximum credit exposure on these asset. Cash and cash equivalents are held by banks which are rated as follows

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Credit Rating		
AAA	22,692	22,566
AA-	716,053,254	664,766,195
A+	-	24,481
A	597,012	18,282,187
A-	9,955,561	-
BBB-	1,950,931	-
	728,579,450	683,095,429

Investment in fixed deposits

The Company held Investment in fixed deposit at banks of Rs, 3,314/- Mn as at 31 March 2026 (2024/2025 - Rs. 2,975/- Mn), which represents it's maximum credit exposure on these asset. Investment in fixed deposit are held by banks which are rated as follows.

As at 31 March,	Company and Investee / Company	
	2026	2025
	Rs.	Rs.
Credit Rating		
AA-	3,174,419,425	2,850,170,883
A	139,060,331	125,290,850
A-	-	-
	3,313,479,756	2,975,461,733

Control measures and action plans to mitigate risk

(a) The Company's investment policy prohibits non-graded investments, unless specifically authorised.

(b) Regularly review credit worthiness of counterparties and take necessary actions if required.

(c) Appropriate actions are implemented when the investments are expected to be high credit risk..

c Amount due from related companies

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

37.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2026.

As at 31 March 2026	Company and Investee / Company					
	Carrying amount	Total	Contractual cash flows (Rs.)			
			up to 3 months	Less than 1 year	1 - 2 years	2 - 7 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non- derivative financial liabilities						
Interest bearing borrowings	249,822,237	263,843,953	3,186,637	234,185,359	11,735,185	14,736,772
Lease liability	409,140	416,664	416,664	-	-	-
Bank overdraft	1,421,372	1,421,372	1,421,372	-	-	-
Trade and other payables *	1,319,817,178	1,319,817,178	1,239,646,283	80,170,895	-	-
Unclaimed dividend	23,253,967	23,253,967	23,253,967	-	-	-
Amount due to related parties	660,334,011	660,334,011	660,334,011	-	-	-
	2,255,057,905	2,269,087,145	1,928,258,934	314,356,254	11,735,185	14,736,772

As at 31 March 2025	Company and Investee / Company					
	Carrying amount	Total	Contractual cash flows (Rs.)			
			up to 3 months	Less than 1 year	1 - 2 years	2 - 7 years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non- derivative financial liabilities						
Interest bearing borrowings	35,460,369	40,988,846	3,216,113	9,265,308	11,841,784	16,665,640
Lease liability	1,938,163	2,083,320	496,327	1,172,875	414,118	-
Bank overdraft	7,297,277	7,297,277	7,297,277	-	-	-
Trade and other payables *	1,124,751,409	1,124,571,409	1,048,385,193	76,186,216	-	-
Unclaimed dividend	17,909,912	17,909,912	17,909,912	-	-	
Amount due to related parties	575,740,896	575,740,896	575,740,896	-	-	-
	1,763,098,026	1,768,591,660	1,653,045,718	86,624,399	12,255,903	16,665,640

* Other payables exclude statutory payments, provision for warranties and advances received from customers.

37. FINANCIAL RISK MANAGEMENT (CONTD.)

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks, if required.

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

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

Unutilised bank overdraft facilities

As at 31 March 2025 the Company had approved overdraft facilities amounting to Rs. 510 Mn of which Rs. 1.4 Mn was utilized. In addition, the Company has access to approved trade and short-term financing facilities of Rs. 5,265 Mn from commercial banks, of which Rs. 1,6 Mn was utilized on letter of credits/guarantees and loans as at 31 March 2026.

37.3 Market risk

The market risk is the exposure to adverse movements in the security markets for both equity and fixed income investments, which can result variations in the anticipated returns from those securities. All financial institutions face market risks, created by changes in the macro environment related to political factors, national security, economic management and globalization influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation, and availability of credit.

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

Control measures and action plans to mitigate risk

(a) Expansion of its portfolio through strategic investment.

(b) Innovating and trend setting while benchmarking with global competition.

(c)Introduction of unique and innovative services to create demand for the destination.

(d) Obtaining Quality and safety standard certification for assurance of health and safety.

(e) Securing Green Globe and Eco Friendly Certification in acknowledgement of commitment to sustainable tourism.

(f) Participation in global and regional tourism promotional events in potential and emerging markets.

37.3.1 Currency risk

The Company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of Sri Lankan Rupee (LKR) against the US Dollar (USD). Company's functional currency is the Sri Lankan Rupee (LKR) in which most of the transactions are denominated and all other currencies are considered foreign currencies for reporting purposes. The Company had taken measures to manage risk by having foreign currency trade receivables and foreign currency bank accounts balances to cover the exposure on foreign currency payables. Hence the overall objective of currency risk management is to reduce the short term negative impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results.

Exposure to currency risk

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

	Company and Investee / Company			
	As at 31 March 2026		As at 31 March 2025	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial assets				
Trade and other receivables	1,343,316	423,869,932	1,000,885	296,586,247
Investment in fixed deposit	9,452,271	2,982,569,468	8,993,756	2,665,065,753
Cash and cash equivalents	789,358	249,074,076	872,619	258,577,953
	11,584,945	3,655,513,476	10,867,260	3,220,229,953
Financial liability				
Trade and other payables	(854,526)	(269,637,134)	(253,653)	(75,163,472)
	(854,526)	(269,637,134)	(253,653)	(75,163,472)
Net finance assets /(liability) exposure	10,730,419	3,385,876,342	10,613,607	3,145,066,481

	Average rate (Rs.)		Reporting date conversion rate (Rs.)	
	2026	2025	31 Mar 2026	31 Mar 2025
USD	305.23	297.70	315.54	296.32

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

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

As at 31 March	Effect on profit or loss	
	2026 Rs.	2025 Rs.
LKR depreciated against USD by 15%	507,881,451	471,759,972
LKR appreciated against USD by 15%	(507,881,451)	(471,759,972)

37.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rates; interest rate risk arises on interest bearing financial instruments recognised in the statement of financial position.

The interest rate risk of the Company arises from financial instruments which are exposed to variable or fixed interest rates. Variable interest rates expose the Company to cash flow due to the impact on the quantum of interest payable. Financial instruments with fixed interest rates are subject to variations in fair values due to market interest movements.

The Company monitors market interest rate movements and takes steps to minimize the interest rate risk associated with financial instruments with rates. .

37. FINANCIAL RISK MANAGEMENT (CONTD.)

Profile

At the end of the reporting period the interest rate profile of the Company's interest bearing financial instruments were as follows,

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

As at 31 March,	Company and Investee / Company			
	2026		2025	
	Fixed rate instruments Rs.	Variable rate instruments Rs.	Fixed rate instruments Rs.	Variable rate instruments Rs.
Financial assets				
- Fixed deposits	3,313,720,193	-	2,975,461,733	-
- Savings accounts	704,257,724	-	623,455,546	-
	4,017,977,917	-	3,598,917,279	-
Financial liabilities				
- Interest bearing borrowings-bank loans	(249,822,237)	-	(35,460,369)	-
- Bank overdraft	-	(1,421,372)	-	(7,297,277)
	(249,822,237)	(1,421,372)	(35,460,369)	(7,297,277)
Maximum exposure	3,768,155,680	(1,421,372)	3,563,456,910	(7,297,277)

Cash flow sensitivity analysis for variable rate instruments

A change of 800 basis points in interest rate at the end of the reporting period would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant..

As at 31 March,	Effect on profit or loss	
	2026 Rs.	2025 Rs.
Variable rate instruments		
8% Increase in interest rate	(113,710)	(583,782)
8% Decrease in interest rate	113,710	583,782

Fair value sensitivity analysis for fixed rate instruments

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

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

38.1 Valuation of financial instruments measured at fair value

Below are the financial assets measured at fair value through profit or loss as at 31 March 2026.

As at 31 March	Company and Investee / Company	
	2026	2025
	Fair Value Rs.	Fair Value Rs.
Financial assets measured at FVTPL (Note 20)	4,888,051,398	3,583,976,538
	4,888,051,398	3,583,976,538

As at 31 March	Company and Investee / Company			
	2026			
	Level-1 Rs.	Level-2 Rs.	Level-3 Rs.	Total Rs.
Fair value measurement hierarchy				
Financial assets measured at FVTPL (Note -20)	-	4,888,051,398	-	4,888,051,398
	-	4,888,051,398	-	4,888,051,398

As at 31 March	Company and Investee / Company			
	2025			
	Level-1 Rs.	Level-2 Rs.	Level-3 Rs.	Total Rs.
Fair value measurement hierarchy				
Financial assets measured at FVTPL (Note -20)	-	3,583,976,538	-	3,583,976,538
	-	3,583,976,538	-	3,583,976,538

38.2 Valuation of financial assets and liabilities not carried at fair value

Set out below is a comparison of the carrying amounts and fair values of the financial instruments of the Company which are not measured at fair value in the financial statements. These tables do not include non-financial assets and liabilities.

As at 31 March	Company and Investee / Company			
	2026		2025	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Financial assets at amortised cost				
Trade and other receivables	2,626,262,262	2,626,262,262	2,130,092,204	2,130,092,204
Deposits	10,944,206	10,944,206	10,694,206	10,694,206
Amount due from related parties	1,015,878	1,015,878	3,289,427	3,289,427
Investment in fixed deposit	3,313,720,194	3,313,720,194	2,975,461,733	2,975,461,733
Cash in hand and cash at bank	730,014,163	730,014,163	684,828,687	684,828,687
	6,681,956,703	6,681,956,703	5,804,366,257	5,804,366,257
Other financial liabilities				
Trade and other payable	1,552,262,958	1,552,262,958	1,324,992,638	1,324,992,638
Amount due to related parties	660,334,011	660,334,011	575,740,896	575,740,896
Interest bearing borrowings	249,822,237	249,822,237	35,460,369	35,460,369
Lease liability	409,140	409,140	1,938,163	1,938,163
Bank overdrafts	1,421,372	1,421,372	7,297,277	7,297,277
	2,464,249,718	2,464,249,718	1,945,429,343	1,945,429,343

38. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

38.2.1 Short term deposits

The fair values of fixed term deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

38.2.2 Other financial assets

The carrying amount of cash and bank balances approximate to the fair value due to the relatively short maturity of the financial instruments.

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

Other receivables items the carrying value has been considered as the fair value due to the timing of the cash flows.

38.2.3 Financial liabilities

The carrying amount of financial liabilities approximate to the fair value due to the timing of cash dues.

39. CAPITAL MANAGEMENT

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

The gearing ratio at the reporting date is as follows.

	Company and Investee		Company	
As at 31 March	2026	2025	2026	2025
Total liabilities (Rs.)	3,920,708,561	3,370,669,431	3,920,708,561	3,370,669,431
Less: Cash and cash equivalents (Rs.)	(730,014,163)	(684,828,687)	(730,014,163)	(684,828,687)
Net liability (Rs.)	3,190,694,398	2,685,840,744	3,190,694,398	2,685,840,744
Equity (Rs.)	15,312,407,346	13,244,671,779	15,281,303,544	13,217,032,526
Gearing ratio	0.21	0.20	0.21	0.20

40. CAPITAL COMMITMENTS

There were no contract for capital expenditure of material amounts approved or contracted for as at the reporting date.

41. CONTINGENT LIABILITY

Guarantees

The contingent liability as at 31 March, 2026 on guarantees given to third parties amounted to Rs.189,711,526/- (2025- Rs.208,206,564/-).

There were no other contingent liabilities as at the reporting date which require disclosure in the financial statements.

42. PENDING LITIGATIONS

The Company has taken actions to recover Rs.9,853,091/- worth of long outstanding debts as at 31 March 2026.

There have been no material Pending litigation outstanding as at the reporting date except for those described above.

43. EVENTS AFTER REPORTING DATE

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

The Board of Directors have recommended the payment of an interim dividend of Rs. 1/60 per share for the year ended 31 March 2026 which was approved on 05 August 2026 by the Board of Directors.

As required by Section 56 of the Companies Act No.07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring dividend. A statement of Solvency duly completed and signed by the Directors on 05 August 2026 has been audited by Messers KPMG. .

44. EMPLOYEE AND INDUSTRY RELATIONS

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

45. DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for preparing and presenting these Financial Statements in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirement of the companies Act No 07 of 2007.

INVESTORS' INFORMATION

DISTRIBUTION OF SHAREHOLDING - 31 MARCH 2026

Range			No. of Holders	Total Holding	% Holding
		Up to 1000	2,649	680,878	0.3%
1,001	-	10000	1,143	4,454,626	2.0%
10,001	-	100000	422	13,806,638	6.3%
100,001	-	1000000	105	24,672,228	11.3%
	-	Over 1,000,000	3	174,385,630	80.0%
			4,322	218,000,000	

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH

	Name	2026		2025	
		No. of shares	% Holding	No. of shares	% Holding
1	Lanka Olex Cables (Private) Ltd	163,493,480	75.0%	16,349,348	75.0%
2	ACL Cables PLC	9,337,560	4.3%	933,756	4.3%
3	People's Leasing & Finance PLC/Mr. Iresh Sridas	1,554,590	0.7%	134,659	0.6%
4	Amana Bank PLC/Hi-Line Trading (Pvt) Ltd	1,000,000	0.5%	61,525	0.3%
5	Goonesekera C. D. M. (Mrs.)	625,000	0.3%	62,500	0.3%
6	Madanayake H. A. S.	610,000	0.3%	61,000	0.3%
7	Arunodhaya Industries (Private) Limited	600,000	0.3%	-	-
8	Madanayake U. G.	562,000	0.3%	56,200	0.3%
9	Arunodhaya (Private) Limited	500,000	0.2%	-	-
10	Arunodhaya Investment (Private) Limited	500,000	0.2%	-	-
11	Seylan Bank PLC/A. P. Jayasinghe	500,000	0.2%	-	-
12	Employees Trust Fund Board	466,564	0.2%	67,223	0.3%
13	Ceylinco Shriram Capital Management Services	465,000	0.2%	76,600	0.4%
14	Assetline Finance PLC/M. S. Kandange	427,195	0.2%	32,845	0.2%
15	Leonard D.S.	415,030	0.2%	41,203	0.2%
16	Commercial Bank of Ceylon PLC/H. G. Balasuriya	414,347	0.2%	-	-
17	Gunawardena A. D.	402,000	0.2%	-	-
18	Rajapaksa D. M. & Rajapakse D.S. D.	390,000	0.2%	37,000	0.2%
19	Essajee Carimjee Insurance Brokers (Pvt) Ltd.	375,000	0.2%	53,250	0.2%
20	Mohideen M.M.	370,020	0.2%	37,002	0.2%
21	Sumathipala U. W. J. P. A.	352,000	0.2%	35,200	0.2%
22	Assetline Finance PLC/I. S. Gurusinghe	350,000	0.2%	33,600	0.2%
23	Senanayake O. & Peiris D.R.	349,900	0.2%	87,369	0.4%
24	Sampath Bank /Dr. Palamandadige Lahiru	344,000	0.2%	-	0.0%
25	Abdulhussein Y. H.	326,360	0.1%	34,588	0.2%

SHARE HELD BY PUBLIC

	No. of Shares	% Holding	No. of Share holders
Share held by public as at 31st March 2026	43,996,960	20.2%	4318
Share held by public as at 31st March 2025	4,399,696	20.2%	2203

As at 31 March	2026	2025
Float adjusted market capitalization (Rs.)	4,509,688,400	2,285,642,072

Company complies the requirement of Listing Rules of 7.14.1 -Minimum Public Holding as a Continuous Listing Requirement under the option No. 04 of 7.14.1 (a) as follows.

OPTION	MINIMUM PUBLIC HOLDING REQUIREMENT		
	Float adjusted Market Capitalisation	Public holding percentage	Number of public shareholders
Option -4	Rs.2.5Bn	10%	500

For the year ended 31 March,	2026	2025
Market value per Shares		
At the year end -Rs.	102.50	519.50
Highest value during the year -Rs.	1,380.00	610.00
Lowest value during the year -Rs.	96.00	270.00
Earnings per share (EPS)- Rs.	11.00	10.56
Net asset per share - Rs.	70.10	60.63
Dividend per share (DPS) -Rs.	15.00	10.00
Dividend yield	1.5%	0.2%
Price earnings ratio	9.3	49.2
Number of transactions	28,662	14,557
Number of share traded	14,417,170	6,783,953
Total turnover (Rs.)	4,375,502,773	1,929,177,549
Market capitalisation (Rs.)	22,345,000,000	11,325,100,000
Percentage of shares held by the public	20.2%	20.2%

DECADE AT A GLANCE (COMPANY AND INVESTEE)

TRADING RESULTS

Rs'000

Year ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue	20,620,611	17,657,510	13,996,828	11,462,496	15,115,383	9,650,438	8,759,918	8,492,482	7,994,364	7,122,784
Gross profit	3,919,313	4,134,734	3,249,325	3,476,528	3,257,133	1,283,987	1,313,407	1,165,452	1,006,539	1,135,495
Earnings before interest and tax	3,447,168	3,300,373	2,716,476	3,562,842	2,685,514	854,931	576,067	451,428	325,934	535,022
Finance expense	(22,997)	(64,264)	(287,167)	(30,872)	(85,908)	(110,301)	(149,922)	(122,511)	(74,277)	(37,184)
Profit before tax	3,424,172	3,236,109	2,429,310	3,531,970	2,599,606	744,630	426,146	328,917	251,657	497,837
Income tax expense	(1,025,662)	(934,723)	(705,463)	(745,146)	(465,772)	(123,264)	(73,095)	(96,920)	(66,888)	(119,503)
Profit for the year	2,398,510	2,301,386	1,723,847	2,786,824	2,133,834	621,365	353,051	231,997	184,769	378,334

FINANCIAL POSITION

Rs'000

As at 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Stated capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000
Capital reserves	823,459	823,459	823,459	567,803	592,491	592,491	404,950	404,950	404,950	300,458
General reserves	430,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136
Retained earnings	13,840,812	11,772,076	9,699,771	8,117,753	5,479,027	3,408,196	2,908,361	2,631,158	2,632,862	2,524,965
	15,312,407	13,244,672	11,172,367	9,334,692	6,720,654	4,649,823	3,962,447	3,685,244	3,686,948	3,474,559
Property, plant and equipment	1,558,840	1,494,157	1,505,279	1,158,261	1,155,168	1,009,006	822,247	872,316	852,737	663,112
Intangible assets	-	-	-	-	-	6,825	-	-	-	-
Investments	82,304	78,839	80,139	71,493	75,133	73,455	54,742	56,751	20,021	14,155
Investment property	846,000	780,000	750,000	722,000	690,000	650,500	306,000	295,000	280,000	253,750
Right-of-use assets	372	1,862	1,339	2,232	3,125	4,019	-	-	-	-
Investments in fixed deposits	50,896	-	-	-	-	-	-	-	-	-
Current assets	16,694,704	14,260,482	11,780,113	9,618,392	9,580,750	6,893,214	6,108,622	5,600,575	5,003,105	4,717,544
Current liabilities	(3,352,578)	(2,911,845)	(2,487,955)	(1,861,835)	(4,375,606)	(3,779,493)	(3,193,625)	(2,959,978)	(2,238,052)	(2,023,873)
Non current liabilities	(568,131)	(458,824)	(456,549)	(375,851)	(407,916)	(207,703)	(135,539)	(179,420)	(230,863)	(150,129)
	15,312,407	13,244,672	11,172,367	9,334,692	6,720,654	4,649,823	3,962,447	3,685,244	3,686,948	3,474,559

RATIOS

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Gross margin	19.0%	23.4%	23.2%	30.3%	21.5%	13.3%	15.0%	13.7%	12.6%	15.9%
Net margin	11.6%	13.0%	12.3%	24.3%	14.1%	6.4%	4.0%	2.7%	2.3%	5.3%
Return of investment (ROI)	22.5%	24.9%	24.3%	38.2%	40.0%	18.4%	14.5%	12.2%	8.8%	15.4%
Return of average equity	16.8%	18.9%	16.8%	34.7%	37.5%	14.4%	9.2%	6.3%	5.2%	11.3%
Assets turnover	1.2	1.1	1.1	1.0	1.5	1.2	1.2	1.3	1.4	1.3
Working capital turnover	1.5	1.6	1.5	1.5	2.9	3.1	3.0	3.2	2.9	2.6
Current ratio	5.0	4.9	4.7	5.2	2.2	1.8	1.9	1.9	2.2	2.3
Net asset per share - Rs.	70.24	60.76	512.49	428.20	308.29	213.29	181.76	169.05	169.13	159.38
Dividend per share (DPS) -Rs.	15.00	10.00	6.50	6.50	4.50	4.50	3.50	3.50	3.50	4.50
Earnings per share (EPS)-Rs.	11.00	10.56	79.08	127.84	97.88	28.50	16.20	10.64	9.03	17.27
Market price per share-end Rs.	102.50	519.50	280.00	268.75	290.75	111.75	52.00	67.40	93.00	117.50
Dividend yield (%)	1.5%	0.2%	2.3%	2.4%	1.5%	4.0%	6.7%	5.2%	3.8%	3.8%
Dividend payout ratio	13.6%	9.5%	8.2%	5.1%	4.6%	15.8%	21.6%	32.9%	38.8%	26.1%
Price earnings ratio	9.3	49.2	3.5	2.1	3.0	3.9	3.2	6.3	10.3	6.8

STATEMENT OF VALUE ADDITION

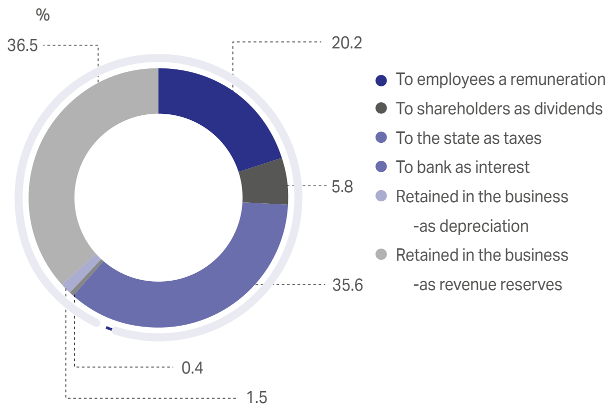
For the year ended 31 March,	Company and Investee		Company	
	2026	2025	2026	2025
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	20,620,611	17,657,510	20,620,611	17,657,510
Other operating and interest income	886,353	489,528	886,353	489,528
Share of profit/(loss) of equity accounted investee net of tax	3,465	(1,300)	-	-
	21,510,429	18,145,738	21,506,964	18,147,038
Less:				
Cost of material and services purchased	15,841,284	12,931,068	15,841,284	12,931,066
Value Added	5,669,145	5,214,670	5,665,680	5,215,971
Value addition as a percentage on revenue	27.5%	29.5%	27.5%	29.5%

DISTRIBUTION AS FOLLOWS;

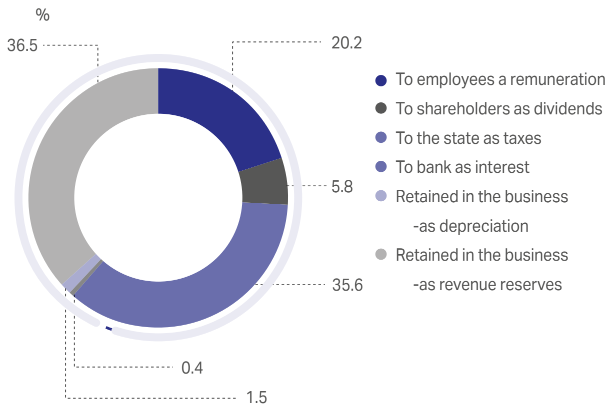
For the year ended 31 March,	Company and Investee				Company			
	2026	As a %	2025	As a %	2026	As a %	2025	As a %
	Rs'000	of Total	Rs'000	of Total	Rs'000	of Total	Rs'000	of Total
To employees as remuneration	1,142,098	20.2%	1,005,105	19.3%	1,142,098	20.2%	1,005,105	19.3%
To shareholders as dividends	327,000	5.8%	218,000	4.2%	327,000	5.8%	218,000	4.2%
To the state as taxes	2,018,130	35.6%	1,752,053	33.6%	2,018,130	35.6%	1,752,053	33.6%
To banks as interest	22,997	0.4%	64,264	1.2%	22,997	0.4%	64,264	1.2%
- As depreciation	87,410	1.5%	91,862	1.7%	87,410	1.5%	91,862	1.7%
- As revenue reserves	2,071,510	36.5%	2,083,386	40.0%	2,068,045	36.5%	2,084,687	40.0%
	5,669,145		5,214,670		5,665,680		5,215,971	

DISTRIBUTION OF VALUE ADDITION 2025/26

COMPANY AND INVESTEE



COMPANY



GLOSSARY OF FINANCIAL TERMS

Capital Employed
Shareholders' funds plus minority interest and debts.

Cash equivalents
Liquid investments with original maturity periods of three months or less.

Current Ratio
Current assets divided by current liabilities.

Deferred Taxation
The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend Yield
Effective dividend per share as percentage of the share price at the end of the period.

Dividend per Share
Gross dividend divided by the number of ordinary shares in issue at the year end.

Earnings per Share
Profit attribute to shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBIT
Earnings before interest and tax (Including operating income).

Equity Accounted Investee
A Company other than a subsidiary in which a holding company has a participating interest and exercises significant influence over its operating and financial policies.

Market Capitalisation
number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets
Total assets minus current liabilities minus long Term liabilities minus minority interests.

Net Assets per Share
Net Assets over number of ordinary Shares in issue.

Net Margin
Profit after tax divided by revenue.

Price Earnings Ratio
Market Price of a share divided by earnings per share as reported at that date.

Quick Ratio
Cash plus short term investments plus receivables, divided by current liabilities.

Related Parties
Parties who could control or significantly influence the financial and operating policies of the business.

Return of Average Equity
Profit attributable to shareholders as a percentage of average shareholders' funds.

Return of Investment
Earnings before interest and taxes as a percentage of shareholders funds.

Revenue Reserves
Reserves considered as being available for distributions and investment.

Value Addition
The quantum of wealth generated by the activities of the group measured as the difference between net revenue (including other Income) and the cost of materials and services bought in.

Working capital
Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Seventh Annual General Meeting of Kelani Cables PLC will be held at the Auditorium of ACL Cables PLC, No. 60, Rodney Street, Colombo 08 on 30 September 2026 at 11.00 am for the following purposes.

01. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31 March 2026 with the report of the Auditors thereon.

02. (a) To re–elect as a Director Mr. Yudhishtran Kanagasabai who retires by rotation being eligible for re-election in terms of Article No. 85 of Articles of Association.

03. To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by a Shareholder of the Company.

    (a) That Mr. U. G. Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to him.

    (b) That Mrs. N. C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No. 07 of 2007 shall not apply to her.

04. To re–appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.

05. To authorize the Directors to determine donations to charities.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

28 August 2026

NOTE:

(a) A Shareholder is entitled to appoint a Proxy to attend and vote in his stead and a FORM OF PROXY is attached to this Report for this purpose. A Proxy need not be a Shareholder of the Company. The instrument appointing a Proxy must be deposited at the Registered Office, No. 60, Rodney Street, Colombo 08, not less than forty-eight (48) hours before the time appointed for the Meeting.

(b) Shareholders are kindly requested to hand-over duly perfected and signed Attendance Slip to the Registration counter.

NOTES

FORM OF PROXY
KELANI CABLES PLC

I/We (Name) .... of

.... being a Shareholder/ Shareholders of the above Company hereby appoint

(Name and NIC of Proxy Holder) ....

.... or failing him/ her

.... of ....

as my/ our Proxy to represent me/us, to speak and vote whether on a show of hands or on a poll for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 30 September 2026 at 11.00 am and at any adjournment thereof.

Signed this .... day of .... 2026.

....

Signature

INSTRUCTIONS FOR COMPLETION OF PROXY

The instrument appointing a Proxy shall in the case of an individual be signed by the appointor or by his Attorney and in the case of a Corporation as per its Articles of Association, Companies Act or signed by its Attorney or by an Officer on behalf of the Corporation.

IMPORTANT NOTICE TO SHAREHOLDERS

Consequent to the change of Articles of Association as detailed in the Notice of Meeting in accordance with the digitalization initiative, please provide the following information to investor.relations@acl.lk, for future Notices of Meetings to be sent to the e-mail address provided by you.

Full name : ....

Residential Address: ....

Email Address : ....

NIC / Company Registration No. : ....

CORPORATE INFORMATION

NAME OF THE COMPANY
Kelani Cables PLC

COMPANY REGISTRATION NUMBER
PQ 117

LEGAL FORM
A Public Quoted Company with Limited Liability, incorporated as Ceylon Non-Ferrous Metal Industries Limited on 27th January 1969. Thereafter on 18th December 1973 the name was changed to Kelani Cables Limited. With the adoption of the Companies Act No. 7 of 2007, re-registered as Kelani Cables PLC in February 2008.

STOCK EXCHANGE LISTING
The shares are listed on the Colombo Stock Exchange.

REGISTERED OFFICE
No. 60, Rodney Street,
Colombo 08.
Sri lanka.
Tel: +94 11 7608300
Fax:+94 11 2699503

PRINCIPAL PLACE OF BUSINESS
P.O. Box 14, Wewelduwa, Kelaniya, Sri Lanka.
Tel: +94 11 2911224, +94 11 7434400
Fax: +94 11 2910481
E-mail: info@kelanicables.com

CORPORATE WEBSITE
www.kelanicables.com

BOARD OF DIRECTORS
Mr. U. G. Madanayake
Mr. Suren Madanayake
Mrs. N. C. Madanayake
Mr. Deepal Sooriyaarachchi
Mr. Yudhishtran Kanagasabai

CHIEF EXECUTIVE OFFICER
Dr. Anil Munasinghe
DBA (Kelaniya), MBA(UK), CMA

CHIEF FINANCIAL OFFICER
Ms. Hemamala Karunasekara
FCA, FCMA(UK), CGMA, FCMA(SL), MBA

COMPANY SECRETARIES
Corporate Affairs (Private) Limited
No: 68/1, Dawson Street,
Colombo 02
Sri Lanka

AUDITORS
KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha
P.O. Box 186
Colombo 03
Sri Lanka

BANKERS
Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation Limited
People's Bank
Standard Chartered Bank
Nations Trust Bank PLC
National Development Bank PLC
DFCC Bank PLC
Sampath Bank PLC
Commercial Bank of Ceylon PLC
Indian Overseas Bank

QUERIES ON THE 2025/26 ANNUAL REPORT
Direct queries to: investor.relations@kelanicables.com or
Write to: Messrs. Corporate Affairs (Private) Limited
No. 68/1, Dawson Street, Colombo 02, Sri Lanka.

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KELANI CABLES