

Perfect Prevention Profound Acuity

Sierra Cables PLC
Annual Report 2020/21





Perfect Prevention Profound Acuity

Intertwining prevention and acuity our business model is founded on the strength of our superior fire retardent solutions and a business that is robust and resilient. Garnering success across a wide spectrum of parameters we have been able to navigate our way through a turbulent economic landscape in the financial year 2020/21. Moving forward with a spirit of tenacity together with sharpness and profound acuity we have transcended beyond, moving ahead with sustainable growth whilst satisfying the interests of our stakeholders.

Rising above limiting circumstances and thriving in a dynamic world we are well-positioned to protect and fortify the power sector through best - in - class - technology that epitomizes excellence in every sphere. Moving ahead in tandem with the rapid development in infrastructure we hope to harness our innate potential by seizing new opportunities which will propel us towards new dimensions of success.



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Sierra Cables PLC
Annual Report 2020/21



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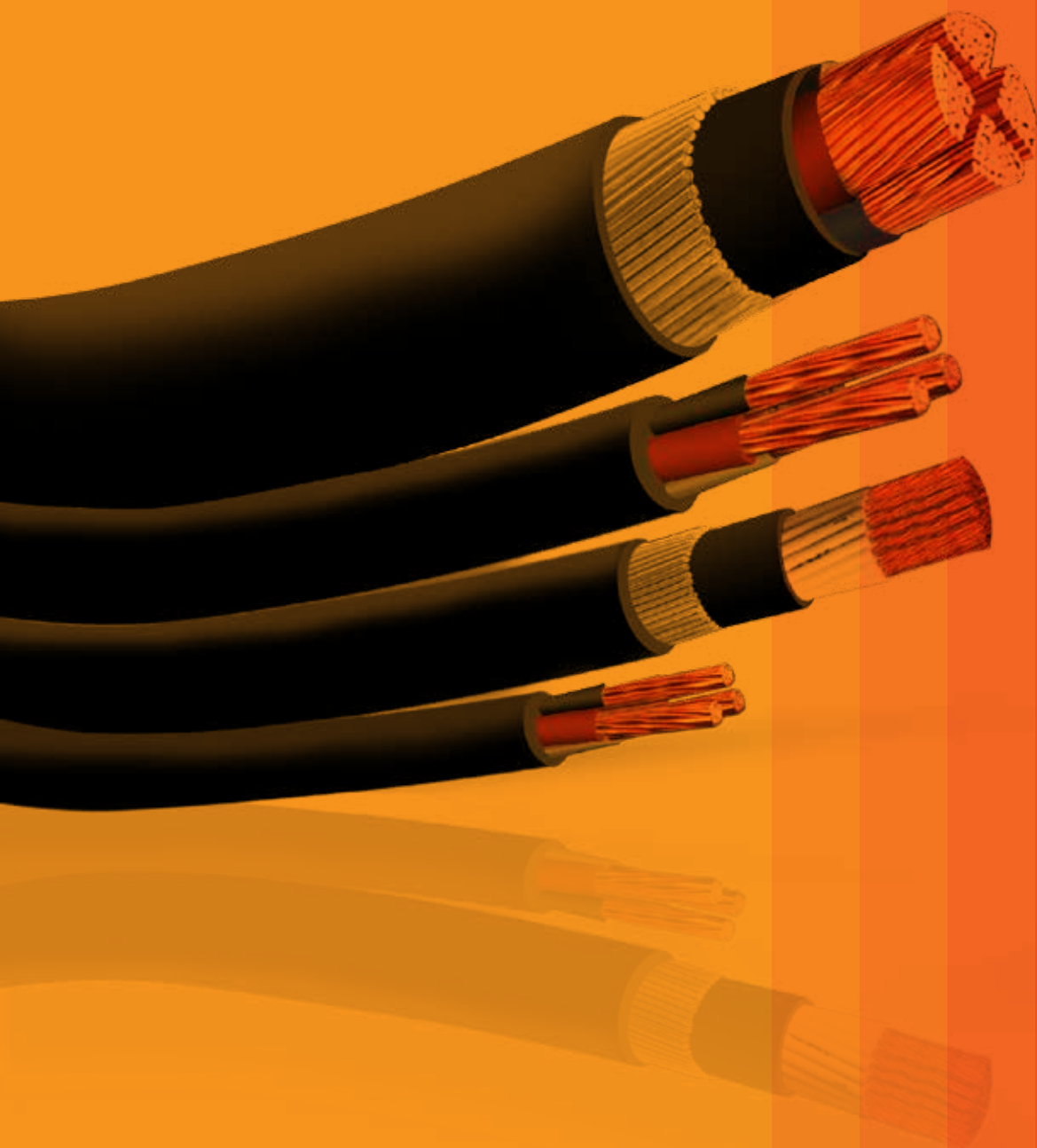
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COMMITTED TO ENERGISE THE COMMUNITY

Our core structure and expertise represent our agility and adaptability to traverse through challenges with resilience.



Vision

Being the bridge in energising the community.



Mission

Achieve a continuous growth to enhance the stakeholder value while offering a high quality product.

Become a reputed organisation by promoting sustainable development.

Uplifting the living standards of the Sierra Cables family.



Values

As a responsible and ethical corporate citizen, Sierra Cables PLC conduct its affairs based on a set of values. Every member of the Sierra Cables family is committed to follow them.



Strategic Goals

Manufacture Innovative Product Ranges and to be the pioneer in the cable industry.

To extend footprint beyond Sri Lanka's geographical boundaries.

To reduce the environmental impact by reducing the carbon footprint year on year.

Culture, Ethics & Corporate Values

Our Culture

We are proud of our culture of teamwork and cooperation which inspires our team of high achievers. We engender this ethos through knowledge-sharing, an inclusive approach to decision-making, ample learning and development opportunities and two-way communication and feedback.

A strictly implemented zero tolerance policy for discrimination based on religion, race, gender and ethnicity has given rise to a culture of equality and dignity for all.

Our Ethics

Our uncompromising ethics dictate the principles that form, the bedrock on which our stakeholders perceive us:

- **Transparency and accountability**
- **Legal and regulatory compliance**
- **Honest and truthful dealings**

Corporate Values

Pursuit of Excellence:
Every cable is manufactured to the highest quality standards.

Customer-centric:
Add value to customer experience by fulfilling their requirements.

Innovation:
Driving innovation

Environmental stewardship:
Operate responsibly to ensure minimal impact on environment

Stakeholder engagement:
Proactive and continuous engagement

About Sierra Cables PLC

Sierra Cables PLC was established in 1999, and has entrenched its credentials in Sri Lanka and overseas as a comprehensive wire and cable supplier for residential, commercial and industrial sectors and has gained a strong reputation for producing cables using only the most pure of raw materials sourced from leading global suppliers. Its manufacturing operations are conducted at its primary production facility located in Kaduwela - a substantially capacious facility designed to manufacture products that meet domestic and global standards of quality, product durability and safety. Its parent company, Sierra Holdings Limited, is a diversified conglomerate in Sri Lanka.

Subsidiaries & Associates

Sierra Cables PLC's subsidiaries are Sierra Industries (Private) Limited and Sierra Cables East Africa Limited in Kenya, which diversified to manufacturing pipes and cables, respectively. Its two associate companies, Tea Leaf Resort (Private) Limited involved in leisure and the T & G Lanka (Private) Limited is manufacturing cables and harness assemblies. Meanwhile, Cables PTE Limited in Fiji is a joint venture of Sierra Cables PLC which also manufactures cables.

Overseas Presence

The company's maiden international manufacturing plant was set up in 2015 in Nairobi, Kenya. Sierra Cables East Africa Limited mainly focuses on the emerging Eastern African region. In 2016, the company set up a plant in Fiji Islands, Cables PTE Limited, a joint venture with two Fijian companies which accessed the Pacific Islands, Australia, New Zealand markets.



Sierra Cables PLC manufactures, supplies, and exports a comprehensive range of copper and aluminum cable products for the power sectors in Sri Lanka and overseas.

Product Portfolio

Its products range includes Domestic cables, Industrial cables (Armoured and Unarmoured), Aerial Bundled Conductors (ABC), Overhead Conductors, Telecommunication cables and Low Smoke Halogen Free (LSHF) and Fire Resistant (FR) cables. In 2018, the company embarked on manufacturing Fire Resistant Cables, obtaining certifications from laboratories in Singapore (TUV), India (Central Power Research Institute) and France (LCIE Testing Laboratory). Today, Sierra Cables PLC manufactures, supplies, and exports a comprehensive range of copper and aluminum cable products for the power sectors in Sri Lanka and overseas. In 2019, Sierra Cables PLC commenced the manufacturing of solar cables in-house, attaining SLS Certification (SLS 1542). It is the first manufacturing company to obtain SLS certification in Sri Lanka for solar cables. With our commitment to research and development, logistical capabilities, engineering and manufacturing operations, we manufacture the broadest product range in the industry.

World-Class Quality Standards

The company's product quality and excellence has been recognised with a range of local and international quality certifications including ISO, Sri Lanka Standards (SLS) and other prestigious global certifications. All products are made with the highest quality raw material and in compliance with industry standards.

Recent Landmark Projects

Some of the prestigious projects Sierra Cables PLC has supplied to in the recent past are Keells Waterfront, Rigid Tyre Factory in Horana, Inter-Continental hotel, Brandix – Ratmalana, Ceylon Beverages Can Pvt Limited, Queensbury Hospital – Galle, Havelock City – Phase v, Imperial Builders Destiny Project, China Harbour Engineering Limited and Shangri-la Hotel - Hambantota.

Awards and Accolades

In a recent accolade, Sierra Cables won a Silver award at the CA Sri Lanka 55th Annual Report Awards in 2019, under the category of 'Manufacturing companies with a turnover up to 5 Bn'. In the past too, the company has been bestowed with prestigious awards for excellence and best practices in its business.

About this Report



An integrated report explains how an organization creates value over time to benefit its stakeholders and how its business model interacts with its operating environment and its capitals. Financial, Manufactured, human, social and natural capital.

This integrated report serves as a means for Sierra Cables PLC to disclose a holistic overview of the company's operations to its stakeholders that includes strategy, governance, performance and prospects within the context of operating environment and how we create value in short term, medium term and long term.

REPORTING PERIOD

We follow through a 12-month reporting cycle. Our annual report herein corresponds to the financial reporting year ended 31st March 2021. We draw comparisons and references from the information published in our last annual report, for the year ended 31st March 2020 as well as from the integrated annual report for the year ended 31st March 2019.

REPORTING BOUNDARY

This annual report entails material information of Sierra Cables PLC, covering our main factory and corporate office in kaduwela Athurugiriya. The report also covers 2 of our subsidiaries (Sierra Industries (Pvt) Ltd and Sierra Cables East Africa Ltd -Kenya) and 2 associates (T & G Lanka (Pvt) Ltd and Tea Leaf Resort (Pvt) Ltd) and joint venture (Cables PTE Ltd-Fiji).

REPORTING GUIDELINES AND FRAME WORK

- Integrated Reporting Framework - Integrated Reporting Council`
- Company's Act No. 07 of 2007
- Sri Lanka Accounting Standards - Institute of Chartered Accountants of Sri Lanka`
- International Financial Reporting Standards - IFRS Foundation
- `Code of Best Practice on Corporate Governance, 2017
- Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka`
- Continuous Listing Rules - Colombo Stock Exchange Reporting Frameworks, Standards and Guidelines

Our report is prepared in line with the Integrated Reporting Framework, as prescribed by the Integrated Reporting Council and also this report has been prepared in accordance with the GRI Standards:

The report content is developed on material matters—focusing on economic, environmental and social aspects, as discussed on pages 35 to 37. Accordingly, we set out our business model, highlighting how we pitch our strategy against the evolving business environment—optimising our core capitals to create value in the short, medium and long-term for our stakeholders. We elaborate on our capital management approach, performance for the year under review and our future plans.

We also present comprehensive reports on governance, internal controls and risk management. We have not restated any information and data published in the previous reports. The information and data for the report are collected and compiled by respective departments including the subsidiary operations. We gathered information from our Corporate Plan 2020-2021, management reports and quarterly progress reviews to the Board. We conducted several interviews with the management and key executives in this regard. The financial information is based on the audited financial statements and the related notes. We also relied on internet research to obtain information on the external environment including the global and domestic economic scenarios along with the industry developments. The report content materiality and completeness are validated by our senior management.

TARGETED AUDIENCE

Our annual report is mainly aimed at supporting our shareholders and potential investors to make informed decisions on our organisation's growth, strength, stability and sustainability aspects. We also look to support information requirements of other stakeholders, including customers, employees, suppliers, other business partners and local communities. We are responsible in meeting mandatory disclosures as well voluntary information as may be deemed necessary and important by relevant regulatory and statutory bodies.

COMBINED ASSURANCE

We follow a combined assurance approach to establish the credibility of this report, ensuring that there are no material misstatements. Accordingly, the overall reporting process and the reliability and quality of the content are assured internally, by the senior management and the Board of Directors. The financial reporting including the financial statements and related notes as well as sustainability reporting have been assured by external Messrs. KPMG, Chartered Accountants, as set out in page 64 and 65 respectively.

FORWARD-LOOKING STATEMENTS

The report herein entails forward-looking statements and information on our future outlook, plans, forecasts and targets. Although we are realistic in our reporting, we urge our readers to be cautious in relying on such statements as reality may differ. Sierra Cables PLC is not liable to publicly update forward-looking statements to reflect the real-time developments after the publication date of this report, unless mandated by relevant statutory and regulatory authorities.

BOARD RESPONSIBILITY

The Board takes responsibility and assures the credibility of our third integrated annual report, 2020/21. The Board assures that the report gives a fair and a transparent account of all material issues underlining the sustainability of Sierra Cables PLC.

Signed for and on behalf of the Board

(Sgd.)

Priyantha Perera
Chairman

8th September 2021, Colombo

FEEDBACK

We understand that integrated reporting is an ongoing learning process. Hence, we welcome your feedback and suggestions to improve our 2020/21 Annual Report along with any queries and clarifications. Please contact :

Finance Manager,

Sierra Cables PLC

PO Box 06, Kaduwela, Sri Lanka.

www.sierracables.com

Financial Highlights (Group)

	Group		
	2020/21	2019/20	2018/19
	LKR Mn	LKR Mn	%
Turnover	5.5 Bn	5.6 Bn	4.7 Bn
Other income	80 Mn	31 Mn	45 Mn
Net finance cost	173 Mn	220 Mn	275 Mn
Profit before tax	338 Mn	264 Mn	0.5 Mn
Profit after tax	320 Mn	229 Mn	12 Mn
Total assets	6.6 Bn	4.9 Bn	5.3 Bn
Net assets per share	5.03	3.74	3.32

5.5 Bn
Turnover

156%
OTHER INCOME
80 Mn

-21%
NET FINANCE COST
173 Mn

28%
PROFIT BEFORE TAX (PBT)
338 Mn

57%
PROFIT AFTER TAX (PAT)
320 Mn

36%
TOTAL ASSETS
6.6 Bn

35%
NET ASSETS PER SHARE
5.03

Non-Financial Highlights

Manufactured Capital



- Upgraded factory with AI systems to identify efficiency and capacity utilization of machines.
- First company in Sri Lanka to manufacture solar cables under SLS certification.

Human Capital



- Developed a NVQ level training in collaboration with NAITA for cable machine operators.
- Ongoing CPD programs:

- *CWIP*
- *Bread Talk*
- *Idea Carnival*
- *Path Breaking Program*

Social & Relationship Capital



- Donations to low-income families during COVID-19 lockdown.
- Regular market research and engagement with customers to stay one step ahead in our service delivery

Intellectual Capital



- **ISO Standards:** ISO 9001:2015, ISO 14001:2015, ISO 45001:2018
- **SLS Certifications:** SLS 733, SLS 750, SLS 412, SLS 1186, SLS 1542, SLS 1504-2-11, SLS 1504-2-31
- **International Certifications:** United Kingdom(BS), Australian(AS), New Zealand (NZS), France (NFC), Japanese (JIS), American (ASTM)

Natural Capital



- Shifting from Grafted Polymer to Base Polymer has significantly improved the processing ability resulting in an overall reduction in wastage and rework ABC Cables from 15% to 3%.
- Carried out a tree planting drive strengthening our environmental value proposition

Financial Capital



Recorded a profit after tax of Rs. 320 Mn

Our Journey Milestones

1999

Incorporation

Sierra Cables Limited was incorporated as a legal entity in 1999.

2005

Public Listing

Obtained the public listing on the Colombo Stock Exchange (CSE) through an Initial Public Offering (IPO).

2009

CNCI Industrial Excellence Gold Award

Sierra Cables PLC won the Gold Award for excellence in industrial sector enhanced quality standards, productivity, employee benefits and relations.

2010

Quality Crown Award

Won BID Quality Crown Award based on QC100 Total Quality Management (TQM) model of the Company.

2011

Best Cable Manufacturer of the Year

UDC International Business Awards 2011 in recognition of innovation, product development and sustainability Sierra Industries (Pvt) Ltd Subsidiary of Sierra Cables PLC engaged in the manufacturing and distribution of uPVC pipes and fittings.

2015

Kenya Market Entry

Our very first Power Cable manufacturing plant outside Sri Lanka, Sierra Cables East Africa Limited, mainly focusing on emerging East African Region.

2016

Fiji Market Entry

Accessed Pacific Islands, Australia, New Zealand markets through a joint venture, Cables PTE Limited located in Fiji Islands.

2017

NCE Export Award

Won the Bronze Award for Industry Sector - Extra Large Category.

2018

Manufacturing FR Cables

Manufacturing of Fire Resistance Cable obtaining certifications from laboratories in Singapore, India and France.

2019

In-house Solar Cable Manufacturing

Started manufacturing Solar cables in-house obtaining SLS 1542 Certification.

Annual Report Silver

Won Silver Award for the First Integrated Annual Report at CA Sri Lanka 55th Annual Report Awards.

2020

Highest Turnover

Achieved Highest Group Turnover of Rs. 5.6 Bn.

2021

Highest Profit

Recorded the Highest Profits of **320 Mn**

Chairman's Message



W. A. P. Perera
Chairman

Dear Shareholders,

It is my pleasure to welcome you to the 18th Annual General Meeting of Sierra Cables PLC and present to you the Annual Report of the Company which provides a balanced view of the performance of the Company for the financial year ended 31 March 2021. I am pleased to report that the Group recorded the highest ever Profit After Tax of Rs. 320 Mn in the history of its operations demonstrating its resilience and agility to deliver value to its stakeholders. The Company too surpassed its previously established topline performance levels recording Rs. 5.3 Bn, a 6.6% growth over the last financial year. The Group carried out various cost optimization, financial planning and risk mitigation strategies to enhance the overall business performance and was able to maintain a healthy Gross Profit margin of 16% and Net Profit margin of 6% despite the difficult business and economic conditions. Adoption of hedging over foreign currency exposure through forward exchange contracts in anticipation of a drastic dollar appreciation during the latter part of the year turned out to be a timely and effective strategy safeguarding the Company against potential exchange losses. Efforts were also taken to improve the financial performance indicators which ultimately allowed the Company to secure an improved credit rating of AA-(lka) negative outlook. Overall, the Group's performance is truly commendable during an year marked by multiple and unforeseen challenges.

External conditions

We began the year under the shadow of the COVID-19 pandemic that was spreading far and wide across the globe. With countries shutting borders as a precautionary measure to curtail the spread, global trade activity drastically declined. The global recession caused by the pandemic impacted all segments of the population economically with the most vulnerable being the poor, women, youth, unemployed and contact intensive sectors and as at the end of March 2021 the virus had claimed over 3 million lives and infected over 150 million people. While there was some hope for recovery towards the second half of the year with the gradual easing of lockdowns and vaccine rollout programs taking place across certain parts of the world, the resurgence of the virus along with its more severe and fast spreading mutations restored the uncertainties regarding the global prospects of recovery.

Sri Lanka had only just begun recovering from the unfortunate impacts of the Easter Sunday Terror attacks at the time the country went into lockdown in mid-March 2020. Sri Lanka recorded a contraction of 3.6% in 2020 as the world economy also contracted by 3.3% as result of the pandemic. The country's GDP per capita also declined for the second consecutive year from US\$ 3,852 to US\$ 3,682 indicating the decrease in consumer purchasing power. Despite this, we remained positive and commenced operations during the lockdown with adequate safety protocols in place to ensure the health and well-being of our staff. Accordingly, from the 20th of April 2020 factory operations recommenced in stages, with about 20 factory workers living

in close proximity to the factory reporting to work having obtained the necessary approvals and equipped with the necessary precautionary measures. In all districts except Colombo, Gampaha, Kalutara, Puttalam and Kandy where curfew was still in force, we started our Dealer Sales operation immediately upon lifting of the curfew, having arranged all necessary safety measures for the sales staff. We noted that more than 50% of the daily sales under normal circumstances have been reported within this period and we have taken immediate steps to replenish our sub stores in many parts of the country with the required stocks to facilitate the sales without having to face stock shortages. As we had already commenced factory operations in a small scale, we were prepared with the required finished good stocks without much difficulty. As a result of the mobility restrictions imposed, we experienced a drop in sales in April and May 2020 (April: Rs. 33 Mn, May: Rs. 214 Mn). However, from June onwards with the gradual easing of restrictions we experienced a quick turnaround and continued this momentum throughout till the end of the financial year. The Company incurred losses only during the months of April and May 2020 and there onwards set foot on a path towards steady recovery.

The industry was mainly challenged by rising raw material prices and the downward spiraling local currency which directly impacted cost of sales and profit margins. Unfavorable economic conditions and the decline of the construction activities especially during the first half of the year hampered the industry's growth momentum, encouraging companies to strategize in novel ways to overcome the

uncertainties and manage costs structures more effectively. The Central Bank of Sri Lanka too imposed necessary regulations, advising licensed banks to provide a series of concessions including debt moratoria and working capital facilities to support small and medium scale enterprises engaged in manufacturing, services, agriculture and construction sectors manage their cashflows and carry on their activities.

However, despite these challenging conditions Sierra Cables PLC journeyed on to deliver exceptional results with its unwavering focus of delivering superior value to its stakeholders.

Strategic priorities

Our commitment to contribute to the national economy as a respected local manufacturer is one of our key priorities and along these lines, we have capitalized on market niches such as solar cables. We also aim to establish a dominant position in the pipe industry with the introduction of new product lines such as HDPE pipes which are now demonstrating stronger consumer demand. Quality will remain a key facet permeating through our entire operation as our commitment to become a good corporate citizen grows stronger. While ensuring the welfare of our staff and providing decent returns to our shareholders and all other stakeholders we will ambitiously aim to sustain the profit momentum built over the last year to the future years as well.

Corporate governance

As business across the Group responded to the economic impacts from COVID-19 throughout the financial year 20/21, the Board continued to drive strong corporate governance and sound risk management across all levels of operation. The Board heightened its vigilance and continued to work closely with the corporate leadership team to assess the consequences of the COVID-19 pandemic and the potential impacts on business operations and responded efficiently to pressing issues.

Just after the completion of the financial year 20/21 we were met with the unfortunate demise of Mr. Tissa Perera who during his tenure as a Non-Executive Director of Sierra Cables PLC brought valuable insight and expertise to the table, holding over 39 years of experience in the construction industry. Ms. Tashali Perera having served as an alternate director to Mr. Tissa Perera was appointed for this position in May 2021. Mr.

Our commitment to contribute to the national economy as a respected local manufacturer is one of our key priorities and along these lines, we have capitalized on market niches such as solar cables.

Nissanka Gunasekera resigned from the Board, and we have welcomed Mr. Buwanakabahu Perera to serve in his place as a Non-executive Independent Director from May 2021.

Outlook

Having endured the initial setbacks and traversing through this pandemic environment for over a year, the world is now more apprised and certainly better equipped to deal with what may unfold in the future years. Thus, I feel we can be optimistic that the upcoming year holds hope of tangible improvements with respect to economic recovery. For Sierra Cables PLC, I believe the journey is promising. As uncertainty prevails while the country is struggling with the third wave of the pandemic, our strategic outlook needs to remain responsive and adaptable as we build resilience within the Group to withstand unexpected shocks or risks. It is this strategic responsiveness that brought us success during the last financial year and thus will continue to play a crucial role as we move higher and deliver on more ambitious goals. We also see a lot of potential opportunities arising with many large-scale projects such as the Port City, Bandaranayake International Airport Terminal expansion and Sethsripaya Stage 3 expansion materializing in the upcoming year. Furthermore, with the restrictions imposed on imports many companies are now looking to expand their production capacities to bridge the supply shortfalls and meet the local demand thus indirectly benefitting the industry as the demand for cables and building materials will rise. Therefore, we look ahead with positivity and believe we are geared to capture greater market opportunities and growth prospects.

Value to shareholders

We distributed a dividend of Rs. 0.2/- per share during the year to our shareholders amounting to a total of Rs. 1.07 Mn.

Appreciation

I would like to convey my sincere appreciation to my colleagues on the Board for their strategic direction and continued support. I further extend my gratitude to the management team led by the Executive Director & Chief Executive Officer and the entire Sierra team for their enthusiasm, hard work and dedication displayed during the year. Finally, I wish to thank all our stakeholders and customers for their loyalty which has over the years always inspired us to aim higher.

(Sgd.)

W. A. P. Perera
Chairman

8th September 2021

Chief Executive Officer's Review



Harsha Jayatunga
Chief Executive Officer

It is with great pleasure that I present to you the Annual Report of Sierra Cables PLC for the year ended 31 March 2021. The Company traversed through a turbulent year, boldly, confidently and strategically tackling the challenges brought on by the global pandemic, demonstrating its capabilities and strength of endurance. I believe we have maintained the trust and confidence of our stakeholders and our pledge to deliver long-term value in what turned out to be an exceptionally formidable year for the country.

Financial performance

The Company, Sierra Cables PLC marked a successful year recording the highest revenue of Rs. 5.2 Bn in the history of its operations and the highest ever profit after tax (PAT) of Rs. 296 Mn stamping a significant milestone in its journey. The segmental revenue of the dealer network recorded an increase of 28% while the project market revenue increased by 13% contributing to the 7% increase in the Company's total revenue. Prudent costs rationalization strategies helped reduce the Company's administration costs by 10% and selling and distribution costs by 2.2% during the financial year 20/21. Net finance costs too dropped to Rs. 151 Mn marking a reduction of 15.45% in line with the declining market interest rates and strategic financial planning measures adopted. Despite the increase in copper, aluminum and other raw material prices which led to greater production costs, the Company achieved a remarkable improvement in its bottom line, recording a profit before tax (PBT) of Rs. 327 Mn compared to the previous year's Rs. 181 Mn, denoting a growth of 80.72% during the year under review. Net margins doubled to 5.60% from 3.1% during

the financial year 20/21 while return on equity and return on assets rose to 11.54% and 4.89% respectively.

The Group too demonstrated commendable performance amidst a challenging landscape achieving the highest ever PAT of Rs. 320 Mn, recording a significant growth of 39.87% over the previous year. Group PBT also increased by 27.73% during the financial year 20/21. The Group's finance costs recorded a reduction with optimized financial planning and risk mitigation measures implemented and market conditions. The net profit margin rose to 5.82% from the previous year's 4.1%. Earnings per share grew to Rs. 0.60 compared to Rs. 0.43 of the prior year while net assets per share increased from Rs. 3.74 to Rs. 5.03, demonstrating the Group's unwavering strength and resilience.

The Group's credit rating was also upgraded to AA-(lka): negative outlook, from the previous BB (lka): negative outlook by Fitch Lanka ratings, further reiterating the strength of performance displayed during the year.

This was certainly one of the most challenging year's the Group has faced since inception besieged by the COVID-19 pandemic and its unanticipated local and global implications. However, we are most heartened by the Group's superior performance during this year which is a true testament of its commitment towards sustained value creation and relentless pursuit of its mission.

Leading through innovation

The year was not only accentuated by the initial response to the pandemic, but also the bold

strides we took to position the Company for substantially improved business performance. While executing cost optimization plans, we pursued our planned strategic investments to accelerate growth and capitalize on the emerging opportunities in the market. These timely investments are aimed towards strengthening our product offering while boosting our competitive advantage.

We completed the first phase of our project involving the implementation of Artificial Intelligence (AI) technology to monitor our plant operations. We are now in the second phase where we hope to make use of this technology for production scheduling and planning in order to improve process efficiency, reduce wastage in factory operations and eliminate the difficulties faced when carrying out these tasks manually. Furthermore, in recognition of the rising demand for solar energy, the Company set up a plant to exclusively manufacture photovoltaic cables with inhouse tinning facilities. As solar cables are currently imported, this marks a giant leap, making Sierra Cables the first cable manufacturer to produce solar cables locally with SLS certification.

Additionally, steps were taken to expand the existing factory premises and finished goods warehouse in line with our plans to increase our production capacity. New machines including a Multiwire Drawing Machine and a 1250mm Cable Bunching Machine were added to our factory in support of our capacity expansion strategy. We are also in the process of building a state-of-the-art factory to manufacture High Density Polyethylene pipes to cater to the growing local industry demand which is now seeing a shift from the traditional UPVC pipes. These pipes can

be considered the future of the pipe industry, focusing on the massive market opportunities created through the government's national plan of "Water for all".

With the aim of reaching new markets, we continued our research on the possibility of producing UL certified cables to the USA in order to exploit the emerging opportunities available to Asian countries due to the USA-China trade war. US companies are in the process of sourcing raw materials required through countries such as Sri Lanka due to higher import duties imposed on Chinese exports and thus the Company is studying the possibility of expanding its network and securing new partnerships.

Caring for our people

I am extremely grateful to our workforce who rose to the occasion and maintained a strong focus on executing our strategic plans while ensuring safe and healthy working conditions. Our teams remained committed amidst the challenges and limitations of the pandemic and we were able to achieve superior performance owing to their genuine and persistent efforts. Recognizing and understanding the difficulties of faced in such a challenging backdrop, the Company ensured all employees were well cared for and we did not resort to any layoffs, redundancies or pay-cuts. Employees were provided with the necessary facilities to work from home and we made sure all health and safety protocols were adhered to across all our operations. Board and sub-committee meetings were held online as a precautionary measure and effective and prompt decisions were taken with regard to Covid-19 related issues.

Overall, it is satisfactory to note that each member across all departments contributed in their own domain to achieve the overall goals set by the Company and we currently have set in motion plans to be recognized as one of the great places to work in the country.

Our social and environmental commitment

We are committed towards maintaining the highest standards of ethics and integrity, including our dedication to the environment and our approach to sustainability across all our operations. We ensure a high level of professionalism in all our interactions with businesses, communities and individuals and wherever possible try to create a positive social and environmental impact. The Company responded to the national needs through

We will maintain our focus on the needs of our clients in this environment and be prepared to expand our support as the world collectively battles ahead through this unprecedented crisis. We will make sure quality continues to be a top priority through all our production processes thereby promoting a quality centric culture within the organization.

donations and novel digital responses. During the initial lockdown imposed in March-April 2020 the Company distributed dry food rations among the residents in the vicinity of the factory premises. Additionally, we conducted a webinar using industry experts to educate the MEP contracting community, engineers, engineering students and our own sales team of the most viable cable selection and application techniques based on varying projects. This webinar can be considered as the first of its kind in the industry and a most awaited topic of discussion by many contractors. Based on the feedback it is evident that this initiative was well received by all the participants and we have uploaded this webinar to YouTube for the benefits of the overall community.

We also continued our tree plantation programs in support of environmental preservation and planted 200 fruit plants in the factory premises during the year.

Our vision for 2021

We will maintain our focus on the needs of our clients in this environment and be prepared to expand our support as the world collectively battles ahead through this unprecedented crisis. We will make sure quality continues to be a top priority through all our production processes thereby promoting a quality centric culture within the organization. Our focus on improving the corporate image and brand strength through a variety of public relation initiatives such as corporate webinars, videos and publications will be further bolstered as we continue our journey of enhancing our market presence. We hope to enter promising and lucrative market segments in the pipe industry and tap profitable niche markets through solar cables and cables built on customer specifications. Plans are also underway to increase export sales in the

future to take advantage of the depreciating Sri Lankan rupee and as a hedging strategy to combat possible exchange losses. On the whole, I am confident that we have the talent, strategy and resources to achieve our future goals and provide compelling long-term returns for our shareholders.

Appreciations

I wish to express my appreciation to the Chairman and the members of the Board for their wise counsel through a challenging year - amid a global pandemic - in which we succeeded in achieving our target of being a Rs. 5Bn company for the first time in history. The dedication of our employees was crucial to our success during the year, and I wish to thank them for their immense contribution. I also extend a warm thank you to our customers, dealers, suppliers, financial partners and other stakeholders who have extended their continued support to the Company.

(Sgd.)

Harsha Jayatunga

Chief Executive Officer

8th September 2021

Board of Directors



W.A.P. Perera

Chairman/ Non-Executive Director



D.S. Panditha

Executive Director



E.A.D.T.B. Perera

Non-Executive Director
(passed away on 05th May 2021)



M.N. Gunasekera

Non-Executive Independent Director
(resigned on 05th May 2021)



Prof. A.K.W. Jayawardane

Non-Executive Independent Director



Eng. B.W.N. Rupasinghe

Non-Executive Independent Director



Ms. S.N. Lokuge

Non-Executive Director



Ms. G.S.M. Irugalbandara

Non-Executive Director

Appointments after the Conclusion of the year



Mr. P.E.A.B. Perera

Non-Executive Independent Director



Ms. E.A.D.T.A. Perera

Non-Executive Director

* Mr. P.E.A.B. Perera was appointed as Non-Executive Independent Director on 13th May 2021

* Ms. E.A.D.T.A. Perera was appointed as Non-Executive Director on 13th May 2021

W.A.P. Perera - Chairman

Non-Executive Director

Mr. W.A.P. Perera is a founder Director of Sierra Construction (Private) Limited and serves as the Chairman of Sierra Cables PLC. He accounts for over 39 years of experience in the construction industry.

D.S. Panditha

Executive Director

Mr. D.S. Panditha is the Executive Director of Sierra Cables PLC. He is a member of Institute of Incorporated Engineers, Life member of Sri Lanka Institute of Marketing and also a fellow member of Chartered Institute of Professional Managers. At present, Mr. Panditha is a Vice Chairman of Ceylon National Chamber of Industries Sri Lanka. He has over 46 years experience in Cable and Pipe industry.

E.A.D.T.B. Perera

Non-Executive Director

Mr. E.A.D.T.B. Perera is a founder Director of Sierra Construction (Private) Limited with 39 years of experience in the construction industry.

M.N. Gunasekera

Non-Executive Independent Director

Mr. M.N. Gunasekera is the former Chief Executive Officer / Director of Shaw Wallace & Hedges PLC, and its Subsidiary and Associate Companies. He counts over 42 years of work experience, out of which, 34 years have been with the Shaw Wallace Group and 12 years as the Chief Executive Officer. He has extensive experience in the total finance function and legal matters, specialising in taxation and overall general management. He is a former Council Member and President of the Sri Lanka Institute of Taxation. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka; Fellow of the Institute of Certified Management Accountants of Sri Lanka and Fellow of the Sri Lanka Institute of Taxation. He has followed a Management Development Programme at the Cranfield School of Management, Bedford, England.

Prof. A.K.W. Jayawardane

Non-Executive Independent Director

Prof. A.K.W. Jayawardane is a Senior Professor in Civil Engineering and a past Vice-Chancellor of University of Moratuwa. He is an academic, a researcher and a consultant with experience and expertise in the broad areas of construction management, project management, technology management and entrepreneurship. He has extensive experience in organisation leadership and corporate governance. He has been a past Director General of the National Science Foundation and has served/is serving in governing boards of several public and private sector corporate entities. He has a BSc Eng in Civil Engineering degree with first class honors, University of Moratuwa, MSc in Construction, Loughborough University of Technology, United Kingdom and a PhD from the same University. He is a Past President and a Fellow of the Institution of Engineers, Sri Lanka; a Fellow of National Academy of Sciences Sri Lanka; a Fellow of Institute of Project Managers; life member of Sri Lanka Association for Advancement of Science and a founding member of the Society of Structural Engineers Sri Lanka. He is also a Graduate Member of Sri Lanka Institute of Directors.

Eng. B.W.N. Rupasinghe

Non-Executive Independent Director

Eng. B.W.N. Rupasinghe is a Chartered Electrical Engineer by profession with a BSc Eng (Hon) degree in Electrical & Electronics from the University of Peradeniya. He is a holder of an MSc Degree in electrical power transmission and distribution from the University of Manchester Institute of Science & Technology, UK and a MA Degree in Economics. He is a former General Manager of Central Engineering and Consultancy Bureau.

Ms. S.N. Lokuge

Non-Executive Director

Ms. S.N. Lokuge is currently reading for her Master Degree in Business Administration majoring in Project Management at Swinburne University of Technology. She has earned her Bachelors in Business Administration from Swinburne University of Technology in Australia. She's currently the Chief Operating Officer (Civil Division) for Browns Engineering & Construction Private Limited. She serves as an alternative director for Sierra Construction and for Sierra holdings, also a director of Sansun Boutique Hotel Limited.

Ms. G.S.M. Irugalbandara



Non-Executive Director





Ms. G.S.M. Irugalbandara was a Director of Alucop Cables. She has a MBA from the University of Southern Queensland. She has been attached to KPMG as a Tax Manager prior to joining Alucop Cables. She now serves as a Non-Executive Director at Sierra Cables PLC.

Stakeholder Engagement and Materiality

Our Stakeholder Framework

Our stakeholders are defined as individuals or groups that can be considerably impacted by our actions, products and services, and whose perceptions in turn can impact us. Through meaningful dialogue with our key stakeholder groups, we are able to better understand and address their needs and concerns while balancing the distribution of value created. As a responsible corporate citizen, we put value creation for our stakeholders at the heart of our strategy. We maintain a number of formal mechanisms to remain linked to our stakeholder groups.

Stakeholder	Purpose of Engagement	Mode of Engagement	Frequency of Engagement	Stakeholder Concerns and Expectations	Company Response
Shareholders 	<ul style="list-style-type: none"> To provide timely and relevant information to existing/potential investors 	<ul style="list-style-type: none"> Annual Annual Report Annual General Meeting (AGM) Dividends 	<ul style="list-style-type: none"> Annually as and when required 	<ul style="list-style-type: none"> Substantial dividends and appreciation of the share value 	<ul style="list-style-type: none"> Payment of dividends Higher return on investment
Customers 	<ul style="list-style-type: none"> Create product awareness 	<ul style="list-style-type: none"> Print media, Social Media, Group Website, Exhibitions 	<ul style="list-style-type: none"> As necessary 	<ul style="list-style-type: none"> Innovative products 	<ul style="list-style-type: none"> Ongoing product development to suit changing customer needs
	<ul style="list-style-type: none"> To provide a high level of service 	<ul style="list-style-type: none"> Distribution network 	<ul style="list-style-type: none"> On a regular basis 	<ul style="list-style-type: none"> Improved service levels 	<ul style="list-style-type: none"> A distribution network across the country to improve convenience and deliver better service to the customer
	<ul style="list-style-type: none"> Solicit customer feedback (customer complaints/suggestions) 	<ul style="list-style-type: none"> Interactions at operational level 	<ul style="list-style-type: none"> On a regular basis 	<ul style="list-style-type: none"> Effective complaint handling and mitigating mechanism, obtaining information on products and services, customised products to suit customer needs 	<ul style="list-style-type: none"> Efficient customer assistance at the Head Office level and at the distribution level
	<ul style="list-style-type: none"> Maintain customer relations 	<ul style="list-style-type: none"> Customer relationship management 	<ul style="list-style-type: none"> On a regular basis 	<ul style="list-style-type: none"> Access to information, company developing products and services aligned with customer requirements 	<ul style="list-style-type: none"> Improving service delivery to the customer by incorporating customer suggestions into strategy development

Stakeholder	Purpose of Engagement	Mode of Engagement	Frequency of Engagement	Stakeholder Concerns and Expectations	Company Response
Employees 	<ul style="list-style-type: none"> Engaging in the value creation process 	<ul style="list-style-type: none"> Regular meetings, discussions, workshops, Circulars, Emails, Performance review 	<ul style="list-style-type: none"> As necessary as well as annually 	<ul style="list-style-type: none"> Attractive remuneration Ethical Work Practices A positive environment to maintain work-life balance Career growth opportunities Maintaining direct communication with the management (open door policy) 	<ul style="list-style-type: none"> Salaries on par with industry rates Creating a motivating work culture Facilitating training and development opportunities Motivating employees and soliciting employee feedback through discussion Opening up two-way communication channels to offer opportunities for growth in performance and remuneration Maintaining a clear channel to investigate, raise concerns and implement
Suppliers 	<ul style="list-style-type: none"> For responsible procurement 	<ul style="list-style-type: none"> Maintain long-term relationships and partnerships Feedback evaluation Registration of suppliers 	<ul style="list-style-type: none"> On a regular basis 	<ul style="list-style-type: none"> Flexible payment and delivery terms Rewards Easy coordination and timely completion of documentation 	<ul style="list-style-type: none"> Enhance long term business partnership with suppliers and maintain international standards in material sourcing
Communities 	<ul style="list-style-type: none"> To strengthen relationships with communities 	<ul style="list-style-type: none"> Participation in community activities 	<ul style="list-style-type: none"> As and when required 	<ul style="list-style-type: none"> Minimum adverse impact on the environment Support for social causes Employment opportunities 	<ul style="list-style-type: none"> Compliance with environmental compliance measures Enhance manufacturing system to reduce environmental impact Create employment opportunities for neighbouring communities, internships, etc
Environment 	<ul style="list-style-type: none"> To ensure sustainable use of resources and minimum impact on the environment 	<ul style="list-style-type: none"> Audits Obtaining standardisation certificates 	<ul style="list-style-type: none"> On a regular basis 	<ul style="list-style-type: none"> Consciously lower the negative environmental impact of the Company operations, thereby ensuring environmental sustainability 	<ul style="list-style-type: none"> Pursue environmental compliance strategies Adhere to national and international quality standards Prudent use of raw material, energy and natural resources to minimise wastage

Stakeholder Engagement and Materiality

No.	Aspect/Material Topic	Material Matters of Concern to Sierra Cables	Significance to Sierra Cables	To Stakeholders
Economic/ Financial				
01	Economic Performance	Financial growth under current market conditions and earning profitability	H	H
02	Financial Transparency	Maintaining Audited accounts, Financial Statements, Budget Preparation	H	H
03	Tax Contribution	Total amount of tax paid to the government	H	M
04	Reporting	Disclosing Company's financial status to management, investors and the government / All stakeholders	H	H
05	Market Presence	Strengthening market presence and increase market share (penetrate into domestic market)	H	H
06	Indirect Economic Impacts	Investment on infrastructure	M	M
Environmental				
07	Materials	Purchasing high quality raw material	H	H
08	Energy	Efficient energy consumption	H	M
09	Water	Minimise water wastage and conserve water	H	M
10	Bio-diversity	Impact on the Bio diversity	M	L
11	Emissions	Impact of emissions on the environment	M	L
12	Effluents and Waste	Construct proper waste disposal systems, recycling wastage	H	H
13	Environmental Compliance	Adherence to environmental laws, regulations, standards and other requirements	H	H
14	Eco-efficiency of operations	Efficient use of resources, creating less waste, minimise energy usage through reduction in density of raw material, proper recycling of waste	M	M
Social				
Labour practices and decent work				
15	Employment	Employee recruitment and retention	H	H
16	Training and Education	Conducting programs, courses, seminars to develop employee skills and knowledge	H	M
17	Diversity and Equal Opportunity	Ensuring equal basic salary and remuneration to both men and women	H	H
18	Occupational Health and Safety	Ensuring safe and healthy work environment by educating employees on health and safety, providing safety material, and compliance to safety measures	H	H
19	Employee Assessments	Carrying out annual performance appraisal, special rewards and recognition	M	L
20	Risk and Crisis Management	Assessing risks and their effective mitigation/ risk mitigation policy, manuals, committees	H	H
21	Supply Chain Management	Monitoring suppliers for quality adherence, acquiring quality raw material, ensuring timely delivery	H	M
Human Rights				
22	Human Rights Assessment	Safeguarding human rights of all stakeholders	H	H
23	Non-discrimination	Non discrimination of all stakeholders	H	H
Society				
24	Local Communities	Providing employment opportunities for local community, managing better relations with communities	M	M
Product Responsibility				
25	Customer Health and Safety	Create quality products without compromising health and safety	H	H
26	Marketing and Labelling	Better marketing and communication strategy for wider reach	H	M
27	Customer Relationship Management	Establish direct informal communication lines with customer, obtain customer feedback, encourage factory visits, support social events, establish wide spread network and loyalty programmes	M	H

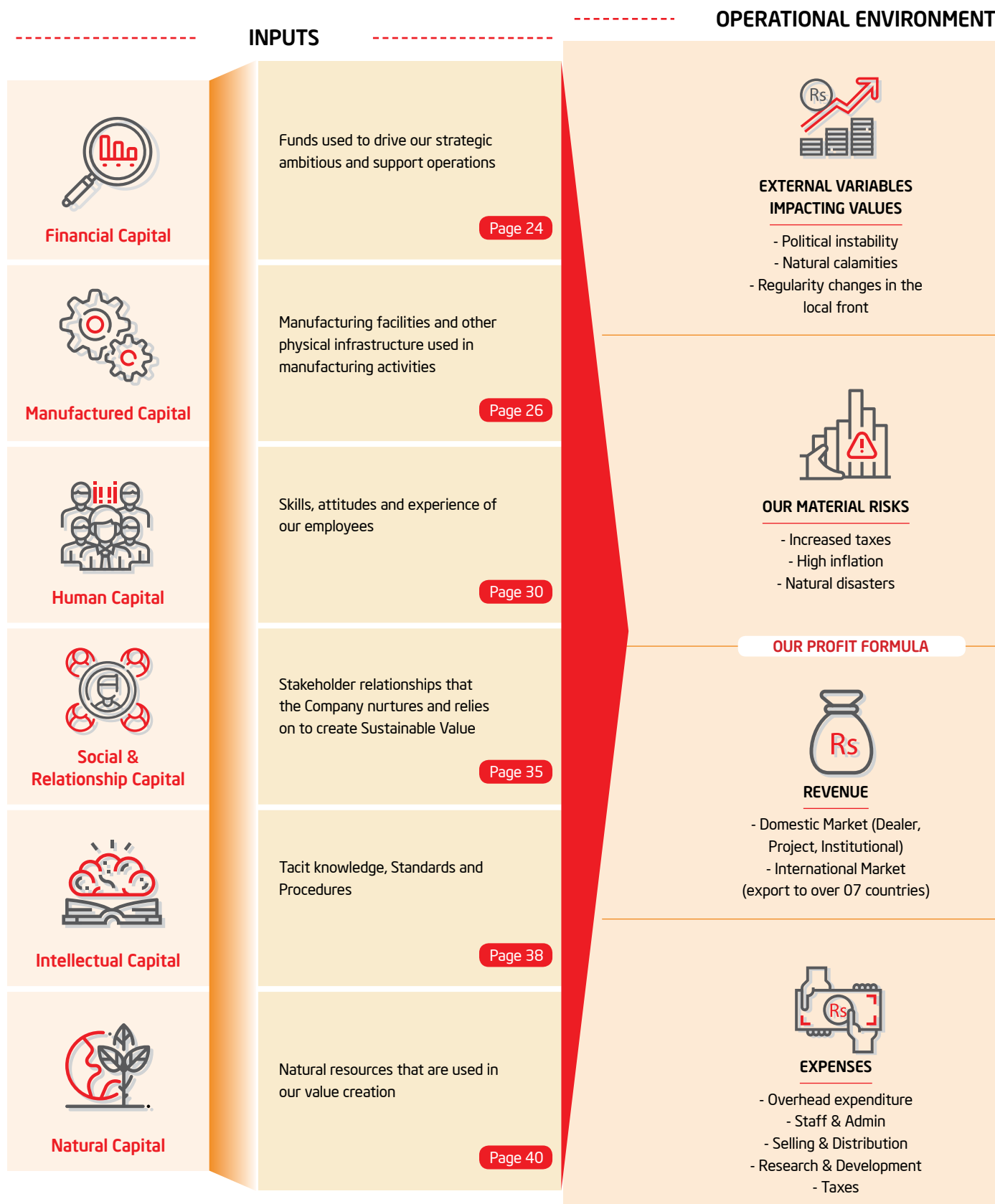
No.	Aspect/Material Topic	Material Matters of Concern to Sierra Cables	Significance to Sierra Cables	To Stakeholders
28	Product Innovation/ New Product Development	Continuous development of products to suit the changing customer requirement/ Product development process, committees, market testing	H	M
Other Corporate Aspects				
29	Corporate Governance	Board of directors & committees, policies and procedures, transparency and accountability, legal aspect, monitoring	H	M
30	Corporate Citizenship	CSR initiatives (internship opportunities for students, seminars for electrician community, factory visits), adherence to local and international quality standards, providing employment opportunities for neighbouring community	H	M
31	Stakeholder Engagement	Initiatives to encourage stakeholder engagement, AGM to voice concerns	H	M

Influence on stakeholder decision making	High		27	01, 02, 04, 05, 07, 12, 13, 17, 18, 20, 22, 23, 25
	Medium		06, 14, 24	03, 08, 09, 15, 16, 21, 26, 28, 29, 30, 31
	Low		10, 11, 19	
		Low	Medium	High

Significance for the Company (Sierra Cables PLC)

- | | | |
|-----------------------------|------------------------------------|--|
| 1 Economic Performance | 12 Effluents and Waste | 23 Non-discrimination |
| 2 Financial Transparency | 13 Environmental Compliance | 24 Local Communities |
| 3 Tax Contribution | 14 Eco efficiency of operations | 25 Customer Health and Safety |
| 4 Reporting | 15 Employment | 26 Marketing and Labelling |
| 5 Market Presence | 16 Training and Education | 27 Customer Relationship Management |
| 6 Indirect Economic Impacts | 17 Diversity and Equal Opportunity | 28 Product innovation/ new product development |
| 7 Materials | 18 Occupational Health and Safety | 29 Corporate Governance |
| 8 Energy | 19 Employee assessments | 30 Corporate Citizenship |
| 9 Water | 20 Risk and crisis management | 31 Stakeholder Engagement |
| 10 Bio-diversity | 21 Supply chain management | |
| 11 Emissions | 22 Human Rights Assessment | |

Our Value Creation Model



VALUE PROPOSITION



CLIENT

Ensure that clients receive access to quality products to suit their requirements



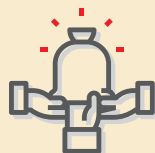
EMPLOYEES

- Ensure their professional development through a training and learning culture
- Ensure their work-life balance



SOCIETY

- Contribute to sustainability through environmental conservation
- Provide employment opportunities



PARTNERS

- Establishing collaborative relations with suppliers in obtaining quality raw material and seek cost savings

OUTPUTS

Financial Capital

Profit after tax **Rs. 320 Mn**

EPS **Rs. 0.6**

Manufactured Capital

- Artificial Intelligence systems and installation of IOT devices to carry out our production scheduling and monitoring
- In-house manufacturing of Solar Cables and first to do so under SLS Certification in Sri Lanka.

Human Capital

- Developing NVQ level training in collaboration with NAITA for machine operators
- Promoting a culture of Continuing Professional Development (CPD)
- Ensuring every individual of our staff is motivated, happy and free from all forms of discrimination.
- Amidst the COVID-19 pandemic, all safety protocols were implemented as per the guidelines provided by health authorities.

Social & Relationship Capital

- Enhancing our brand presence and strengthening relationships with customers through sales representatives and social media.
- Maintaining complete transparency with respect to product features and provide necessary literature and knowledge to customers, enabling them to optimize usage.
- Conducting seminars for electricians to upgrade their technical knowledge and also to provide information about the product range offered by the Company.
- A points scheme is offered to hardware stores that can be subsequently redeemed in the form of attractive rewards which creates greater loyalty.
- Providing employment opportunity for village locals, providing extensive internship programs for university under graduates and donating to low-income families

Intellectual Capital

- Showcasing the corporate brand logo at strategic touchpoints and locations
- Supporting events that facilitate better interaction with customers
- Fitch Ratings revised the company's rating from BB- to AA-
- 3 ISO standards
- 7 SLS certifications

Natural Capital

- Reduction of carbon footprint by ordering and maintaining sufficient stocks during the pandemic period
- contributing to the national grid by supplying the electricity generated by the solar panels installed on the factory roof.
- Optimizing energy consumed by air conditioning units by replacing the old units with energy saving inverter technology
- Optimizing machine runs by encouraging machine runs at off-peak times and using the interlocking system.

Operating Environment

Economic Growth

Global Context

Global economic growth rates declined by 3.3% during the year 2020 with advanced and emerging markets demonstrating decelerated growth levels by 4.7% and 2.2% respectively. The pandemic caused a significant impact across people, trade, and manufacturing activities globally. Lockdown measures, social distancing, severe human death toll, travel restrictions and rising health and safety concerns, led to the contraction of the global economy. As the outbreak continues to spread, governments across the world have resorted to varying levels of public health measures, including movement restrictions, nationwide curfews, travel bans and border closures to tackle the pandemic. These measures are having a huge impact on people's lives, families and communities whilst having significant consequences on national economies and global trade.

The International Monetary Fund (IMF) has predicted recovery in global growth to 6% in 2021 and 4.4% in 2022. With the gradual roll out of vaccinations and treatments subdue the outbreak of the virus and policymakers extend additional fiscal support to revive economies. Successful rollouts of vaccines in many developed economies which can reduce the severity and frequency of infections, coupled with unprecedented fiscal and monetary support will help to support recovery in the short-to medium with the IMF projecting global economy to grow by 6% in 2021.

Sri Lankan Context

Sri Lanka's economy contracted by 3.6% in 2020 reflecting the broad-based implications of the pandemic and decelerations across all three economic sub-sectors. The local economy was recovering from the effects of the Easter Sunday attacks when the COVID-19 pandemic hit the country in early 2020 which resulted in a lockdown of the economy and closure of the airports. Travel and tourism, an important driver of the economy, was affected significantly while the outlook for recovery remains uncertain, particularly given the recent surge in virus cases. The direct contribution of tourism to pre-pandemic GDP was about 4%, but the indirect contribution was much higher. Tourist arrivals in the first five months of 2021 were 97% lower than the same period last year. The general government deficit widened to 11.1% of GDP

in 2020, from 9.6% in 2019, as the economic contraction led to a sharp fall in fiscal revenue.

Accommodative policies and strict measures were introduced to prevent the outspread of the virus supported economic recovery over the last two quarters of the year. As a result, economic activity recorded a gradual recovery in the 3rd and 4th quarters of 2020, expanding by 1.3% supported by the decline in interest rates, improving sentiments and businesses adaptation to working under conditions of subdued mobility.

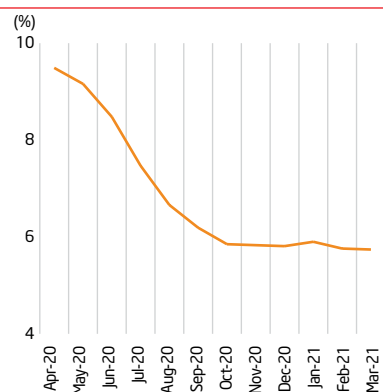
Industry activities witnessed a sharp downturn of 6.9% led by a slowdown in construction and manufacturing activities while the services sector contracted by 5% as transportation, other personal services, and accommodation, food and beverage services slowed down.

The subdued investor sentiment resulted in the contraction of investment expenditure during the year. Unemployment rose over 5% as the labour force participation rate declined. The export sector demonstrated resilience despite the challenging business landscape mainly due to timely policy measures. As a result, export income reached the pre-pandemic levels. Measures to curtail non-essential imports, together with the significantly low global petroleum prices, helped reduce the import expenditure in 2020, resulting in a notable improvement in the trade deficit

Interest Rates

The Central Bank implemented unprecedented measures to stimulate activity through an accommodative monetary policy, with the Policy and Statutory Reserve Ratio being reduced multiple times. Resultantly, market interest rates recorded a sustained decline for most part of the year, with the AwPLR decreasing from 9.29% in January 2020 to 5.74% by March 2021.

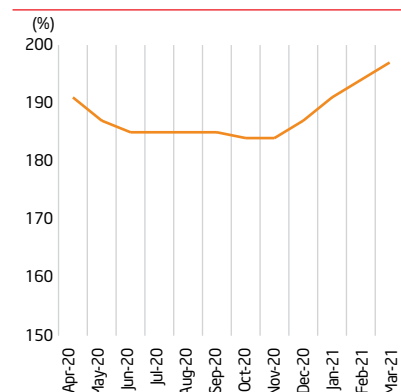
MOVEMENT OF PRIME LENDING RATE



Exchange Rate

The country's external position faced significant pressure in 2020, triggered by the decline in tourist earnings and outflows from the equity and debt markets. Resultantly, the Rupee faced considerable devaluation, falling by 3.2% in 2020 to end the year at Rs.187.18, before plummeting by a further 3.4% in the first quarter of 2021.

EXCHANGE RATE FLUCTUATION

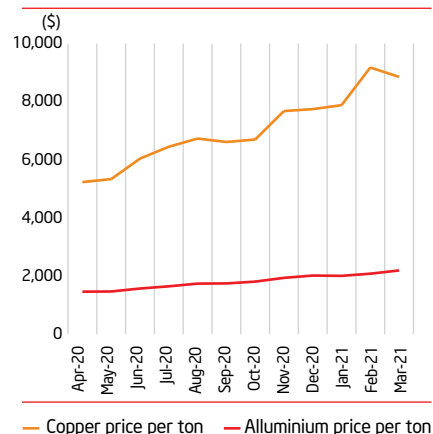


Movement of commodity prices

In March 2020, the COVID-19 pandemic triggered acute declines in metals prices, mainly due to a collapse in metals demand. Short- and long-term supply were also disrupted by mine closures and a wave of capital spending cuts in the mining sector. One year later, industrial metals market fundamentals are in a very different place, with copper and aluminium prices reaching historic highs.

The strong metals demand and price recoveries have outperformed expectations. Lower interest rates, continuation of large infrastructure projects and unprecedented levels of government stimulus world over have boosted demand growth beyond supply growth, providing momentum for metals prices to recover past pre-COVID-19 levels.

MOVEMENT OF COMMODITY PRICES



The Performance of the Construction Sector

The construction sector declined by 13% during the year 2020. Several high-rise building projects had showed slowdown owing to the delay in procurement of materials from China and the complete stoppage of work due to the curfew. The slight recovery of demand for middle income apartments seen earlier this year is likely to be offset by the current and expected economic downturn; as well as the delays caused by work stoppages.

Several factors including declining disposable income levels, subdued economic growth, lack of new large – sized mega projects being commissioned, lockdown periods and social distancing measures affected construction activity. However, the low interest rates prevalent created a surge in domestic credit demonstrating an increase by 25% during 2020. As per latest available data as of September 2020, credit for personal housing increased by 7.3% compared to last year. However, the overall economic contraction and subdued consumer confidence weakened construction activity. Approvals for housing activity dropped by 27% during the year.

Outlook for the Future

Sri Lanka's economy grew at a positive rate of 4.3 % during the first quarter of 2021, compared to a negative growth rate of 1.8 % in the first quarter of 2020, as per the Census and Statistics Department - GDP Summary Indicators released for the 1st Quarter 2021. This encouraging growth level was achieved despite the spread of the second wave of the pandemic which started in October last year. The four major components of the economy; 'Agriculture', 'Industry', 'Services' and 'Taxes less subsidies on products' have contributed their share to the GDP at current prices by 7.8 %, 29.2 %, 57.4 % and 5.7 % respectively in the first quarter of 2021. During the first quarter of 2021 among the three major economic activities, the Agriculture and Industrial activities reported substantial positive growth rates of 6.1 % and 5.5 % respectively as all agriculture and industrial related activities were permitted to continue their businesses throughout the country even during the period of imposed restrictions. The Services sector expanded at a moderate rate of 3.0 % during this quarter, when compared to the comparable quarter in year 2020. However, the sharp surge of infections from May 2021 have

muted prospects for economic recovery with the imposition of movement restrictions in a bid to curtail the escalation in infections has hampered economic activity to a greater extent.

According to the International Monetary Fund Sri Lanka's economy is forecast to grow by 4% in 2021. However, the onset of the third wave in April and the mutation of the virus is likely to have an adverse impact on the forecast due to the resultant disruptions. Government policy will play a key role in the year ahead in many aspects from implementing measures to curtail the pandemic to fiscal and monetary policy.

Public/Private Sector construction contracts worth roughly Rs. 800-1000 Bn per year are required to successfully sustain the construction industry in Sri Lanka and contribute 10% to GDP. Further, there are numerous projects related to education, health and sports and the construction of the Colombo Port City and the Bandaranaike International Airport which are in progress presently. The import restrictions, exchange rates, access to vaccines and the duration of the pandemic will be key focus areas which will determine the path to economic recovery.

Financial Capital

Moving ahead with resilience the Group achieved phenomenal financial performance levels by recording the highest Group Profit of RS 320 Mn.

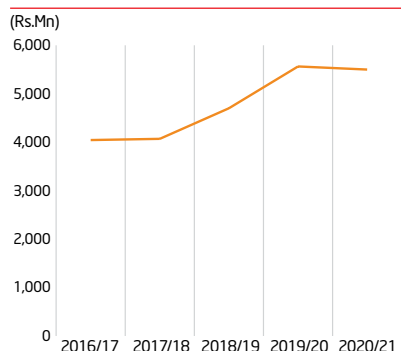
In the wake of a challenging business environment, we were able to achieve excellent financial results for the year 2020/21 and maintain best practices in financial capital management to achieve the Company's short to long term strategic business objectives. We explored and invested in enhancing value, giving due consideration towards inclusivity of the wider community and the environment. The financial review set out herein demonstrates the financial performance and position of the Company for the year ended 31st March 2021.

Financial performance

Turnover

Weathering the headwinds that arose with the outbreak of COVID-19, impacting the country and the entire world, the Company recorded exceptional results during the reporting year in business volumes compared to those recorded in the recent past. The Group turnover for the year ended 31st March 2021 reached the Rs. 5.5 billion mark; underscored by favorable trading conditions which prevailed in the country during the latter part of the financial year.

TURNOVER



Earnings before interest and tax (EBIT)

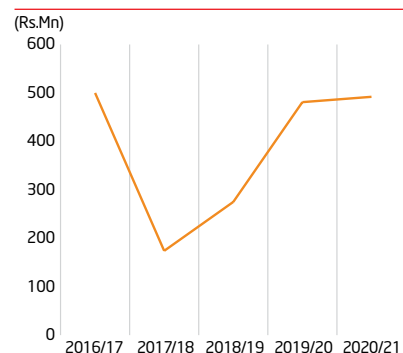
Despite the hike in raw material prices during the second half of the year, with innovative marketing and production strategies, the Company was able to maintain a gross profit ratio of 16% or Rs. 859 Mn for the year ended 2020/21.

Other income mainly comprises of income from solar power, scrap material sales and change in fair value of derivatives. Commissioning of the solar project was completed during the latter part of the last financial year of which the full benefit was accrued during the current financial year, resulting in a significant increase in other income compared to the last financial year.

Although the Group recorded almost the same level of revenue compared to the previous year, it was able to successfully reduce its selling and distribution costs to Rs. 243 Mn in the current year from Rs. 297 Mn recorded during the last year. The adoption of innovative marketing, sales and distribution strategies contributed significantly towards this commendable reduction. Administrative costs however grew slightly by Rs. 4.9 Mn, marking a 3% increase compared to the prior year as a result of the annual increase in payroll cost.

Accordingly, the Group EBIT increased to Rs. 511 Mn during the current FY from Rs. 483 Mn recorded during the previous FY.

EARNINGS BEFORE INTEREST AND TAX



Interest cover

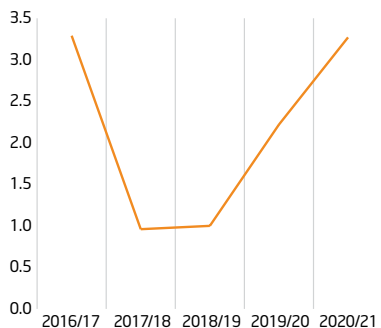
The Average Weighted Prime Lending Rate (AWLPR) decreased to 5.75% as at the end of March 2021, compared to 9.29% of the preceding year.

The positive relations maintained with financial institutions enabled the Group to negotiate best terms and interest rates when borrowing.

Although the Sri Lankan Rupee depreciated by around five percent during the financial year, the Group was able to limit its exchange loss to Rs. 43 Mn during the year as opposed to the Rs. 59 Mn net exchange loss of the preceding year, owing to the timely and effective adoption of risk mitigating strategies such as forward bookings.

The above favourable conditions coupled with stringent controls on working capital management, aided the Group to reduce its net finance cost significantly compared to the last FY. Accordingly with higher EBIT, the interest cover increased from 2.2 times to 3.4 times.

INTEREST COVER RATIO

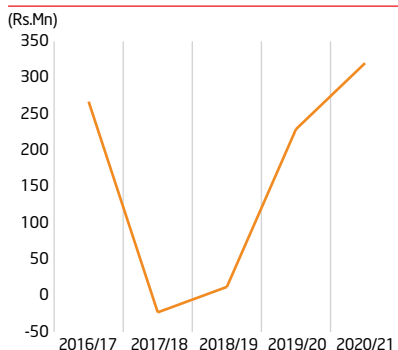


Profit after tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted, or substantively enacted at the reporting date. With the introduction of the amended Inland Revenue Act No. 24 of 2017, the income tax rate applicable to the Company was revised to 18% from 28%, resulting in a reduction in the deferred tax liability of Rs. 66 Mn along with a net income tax expense of 18 Mn.

Increased EBIT combined with the fall in net finance costs and reduction of income tax expenses led to an overall increase in the profit after tax (PAT) of the Group, recording Rs.320 Mn compared to Rs. 229 million recorded in the previous year

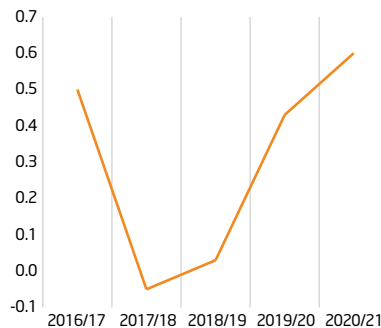
PROFIT AFTER TAX



Earnings per share

As a result of the increased profit after tax, the Group's Earnings Per Share (EPS) increased to 0.60 during the FY 2020/21 compared to 0.43 recorded during the preceding year.

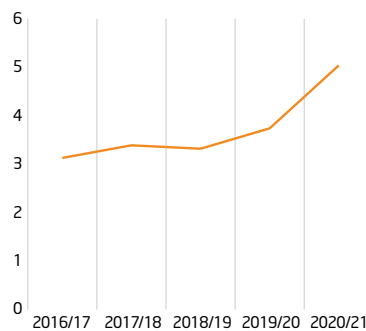
EPS



Net assets per share

As a result of increased profits and the surplus created by the revaluation of land and buildings, the Group's Net Asset Per Share increased to 5.03 by the end of the current financial year. (2019/20: 3.74.)

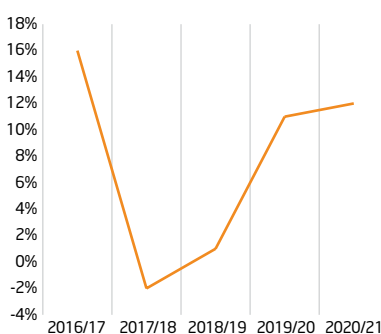
NET ASSET PER SHARE



Return on Equity

Significant improvement recorded in the overall operating performance and enhanced profitability as explained above has led to improved returns to the shareholders. Accordingly, the return on equity (ROE) increased to 12 percent during the reporting year against the ratio of 11 percent recorded during the previous financial year.

RETURN ON EQUITY

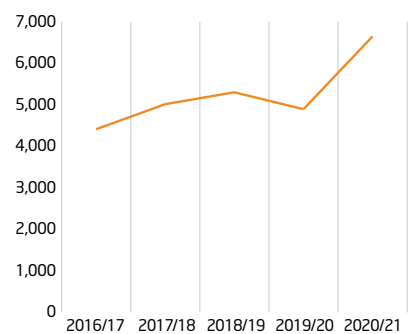


Financial Strength

Total Assets

With improved performance in the current financial year and the increase in working capital levels, the total assets of the Group increased to Rs. 6.6 Bn from Rs. 4.9 Bn by the end of the FY 2020/21.

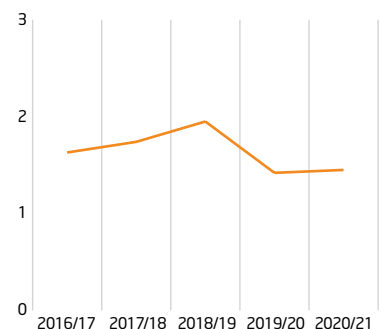
TOTAL ASSETS



Debt to Equity

With the increase in operating volumes, the Group borrowings increased from 975 Mn To 1,439 Mn as at 31st March 2021. Despite the higher borrowing position, the Debt to Equity ratio remained below 2 due to higher equity base with the commendable profitability during the year.

DEBT TO EQUITY



Solvency

Section 56 of the Companies Act No. 07 of 2007, requires that a solvency test be performed prior to the payment of dividends. In order to satisfy this requirement, the Company conducted solvency tests prior to the payment of two interim dividends for the financial year 2019/20. Accordingly, in line with the requirements of the Act the auditor's certified our ability to pay debts, and that the value of the Company's assets are greater than the value of its liabilities and stated capital.

Manufactured Capital

The Manufactured Capital represents the the collection of physical, material, and technological objects that we employ in delivering value to our stakeholders. During the year we invested Rs 85 Million in capital expenditure to generate greater efficiencies.

Manufactured capital refers to the infrastructure developed by the Group for value creation which includes the property, plant and equipment and investment in information technology. Efficient use of the manufactured capital has helped the Group enhance the value of its products and deliver superior value customers whilst minimizing operational overheads. During the year, the Group continued to focus on developing its infrastructure in order to support current business activities and to stay abreast of the new technological changes and customer preferences.

Our presence

We currently operate with a branch network of 30 distribution points island wide with our main manufacturing plant located in Kaduwela. The Company also has overseas presence in Sierra East Africa Private Limited, a subsidiary company located in Kenya, which caters to regional and international buyers wanting to take advantage of duty-free entry from East Africa to western nations; and Cables PTE Limited, a joint venture company located in Fiji, to which Sierra Cables supplies technical support by way of an experienced technical labour force.

Capital value addition

Capital expenditure for the period under review amounted to Rs. 85 million, consisting of new investments and regular maintenance carried out to the existing manufactured capital. During the year we invested in new technology across our factory operations with the aim of reducing

wastage, rework and scrap while improving machine utilization to obtain the optimum production efficiencies. We have upgraded our factory with artificial intelligence (AI) systems and as an initial step installed IOT devices to identify the efficiency and capacity utilization of our machines. The second stage of the system upgrade is currently in progress, where we aim to carry out our production scheduling via these AI systems as a solution to the challenges and limitations faced when performing this task manually.

Furthermore, in recognition of the rising demand for solar energy projects, Sierra Cables has also set up a plant to exclusively manufacture photovoltaic cables sources and has thus been acknowledged as the first to manufacture these cables under the Sri Lanka Standards (SLS) certification in the country.



Our product portfolio

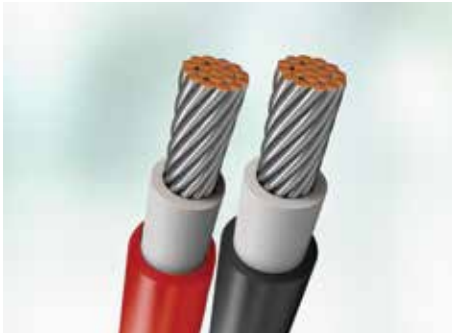
With over 700 products across 14 categories, we have progressively developed our product range to cater to the evolving needs of our customers. We continue to maintain our pace of growth through prudent innovative strategies and have upgraded our product portfolio with the following new products.

Operational Excellence

Our pursuit for continuous improvement over the years has helped us enhance production levels and progress towards sustained operational excellence. Through this journey we have been able to reduce our waste generation, increase energy and material efficiency and improve our production protocols and machine utilization.



Product Portfolio



SOLAR CABLE

Sierra Solar Cables can be used in indoors and outdoors for flexible Photovoltaic (PV) installation in extreme environmental conditions.

Sierra Solar Cables are manufactured by using best quality Tinned-Copper and insulating & Sheathing materials with Low smoke Halogen free and UV protection and Ozone resistance properties which enhance the weathering and fire retardant properties. Sierra solar cables comply with TUV Specification and also SLS 1542.



In addition to all above properties mentioned under LSHF cables, these are designed to maintain circuit integrity and continue to work for a specified period of time under defined conditions.

LOW SMOKE HALOGEN FREE (LSHF) CABLES

With the increased demand for safety in public areas and buildings, contractors are now being advised to install materials that are non-hazardous to members of the public in case of fire. Smoke and poisonous fumes can be a greater risk to lives than that of fire alone.

A cable that ensures security during fire must have passed three tests pertaining to halogen content, smoke density and flame propagation. Sierra range of Low Smoke Halogen Free (LSHF) products are stringently tested to BS standards to ensure low risk of fire hazards.



FIRE RESISTANT CABLES

In addition to all above properties mentioned under LSHF cables, these are designed to maintain circuit integrity and continue to work for a specified period of time under defined conditions.



INSTITUTIONAL/TENDERS

- 01. Aerial Bundle Cables
- 02. Drop Wire
- 03. Bare & Insulated Cables

Product Portfolio



DOMESTIC

- 01. Single Sheathing Cables
- 02. Parallel Multi Core Cables
- 03. Earth Cables
- 04. Flexible Cables



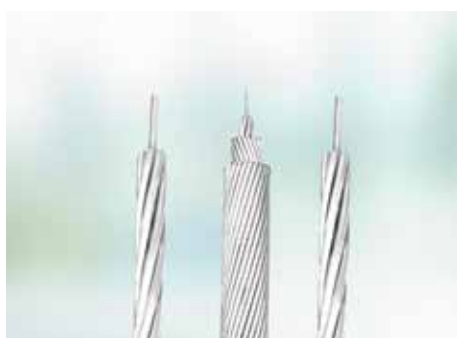
MISCELLANEOUS

- 01. Screen Cables
- 02. Telecommunication Cables
- 03. Co-axial Cables
- 04. Auto Cables
- 05. Switch Gear Cables



INDUSTRIAL

- 01. Armoured Cables
- 02. Control Cables
- 03. Unarmoured Cables
- 04. Solar Cables
- 05. Low Smoke Halogen Free Cables
- 06. Fire Resistant Cables



OVERHEAD

- 01. All Aluminium Conductors (AAC)
- 02. Aluminium Conductors Steel Reinforced (ACSR)
- 03. All Aluminium Alloy Conductors (AAAC)

Safety standards at our plants

Being a key player in the manufacturing sector we place utmost importance on maintaining the quality and trustworthiness of our products. We adhere to strict quality standards and protocols throughout our entire value chain, commencing from the procurement of raw materials, manufacturing process, quality, testing, delivery, to after-sales services.

Quality checks are carried out in 3 stages: Incoming, In-line and Final Inspection. In addition, all products undergo megger and continuity tests, while heavy cables are subjected to high voltage testing prior to being distributed in the market.

Sierra Cables is one of two companies in Sri Lanka that completes the 'Compulsory Test Report' requested by government institutions. This third-party accreditation test report, obtained from LCIE laboratory in France, further reaffirms the Company's product reliability and boosts its ability to obtain contracts from various government entities.



All our products are made using the highest quality raw materials and in compliance with the relevant industry standards as outlined below:

-ISO 9001, ISO 14001 and ISO 45001.

-United Kingdom (BS), Australian (AS) New Zealand (NZS), France (NFC), Japanese (JIS), American (ASTM) and International Electro Technical Commission (IEC) standards.

-Sri Lanka Standards Institutions: SLS 412, 733, 750, 1186 and 1542.

SLS 1504-2-11, SLS 1504-2-31

Way forward

In this challenging context, our focus is to invest wisely and strengthen our manufactured capital base, elevating our capabilities to the next level. We will continue to expand our production plants and warehouse spaces to scale up our production capacity to meet the growing market demands. The investments made towards bolstering our technology also comes as a timely response during these pandemic stricken times facilitating the required efficiencies across operations. Thus, we aim to continue on this journey towards advancement, boldly and positively, supporting and encouraging these value engineering solutions that will help us remain resilient through the challenging times.

Human Capital

Human Capital is our greatest value creator which drives sustainable growth. Over the years we have enhanced our employee value proposition to enrich our employee experience.

Our approach to managing our human capital is supported by a strong HR policy framework, and well governed systems and processes. Inspiring and motivating our team to reach higher is important to us and we support our staff towards their professional growth and development as it is the human capital resource that ultimately drives our success. Our primary aim is to provide a quality service and we ensure honesty and fairness resonates through all our operations while ensuring regulatory compliance.

Our Vision

To be the most sought-after partner of our associates' progress while helping them to realize their professional and personal dreams.

Our Mission

Equipping our associates with the required knowledge, skills and abilities to undertake challenging roles in the dynamic business environment.

Creating an organizational culture and climate that improve our associate's motivation, commitment and concern to serve customers through a High Performance Work System for improved organizational performance.

Our Strategic HR Goals

Talent Acquisition

Goal: Recruit and retain a diverse workforce to meet the needs of the organization.

Talent Development

Goal: Provide development programs to help staff and managers accomplish their goals.

Performance Management

Goal: Ensure our compensation and performance management processes are designed and executed to align and maximize our people's performance with the goals of the organization.

Culture

Goal: Maintain a positive, values-based work environment.

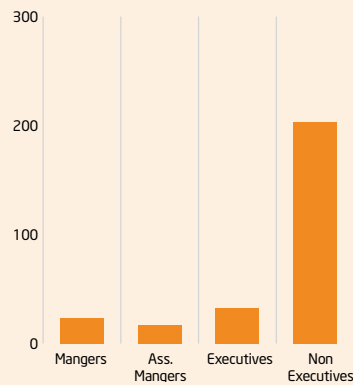
Organizational Excellence

Goal: Administer HR policy and programs effectively and efficiently, while maintaining internal customer satisfaction and meeting budget constraints.

Our Team

Our team comprises of 276 high-performing and dedicated employees bringing a varied set of skills and expertise to our value creation process. As an equal opportunity employer, we do not discriminate based on gender, ethnicity, age or any other form of diversity when attracting, remunerating or promoting employees and aim to sustain a multicultural work environment.

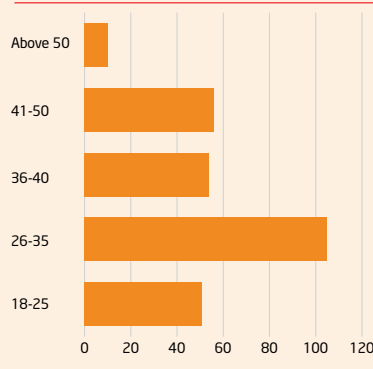
EMPLOYEES BY EMPLOYMENT CATEGORY



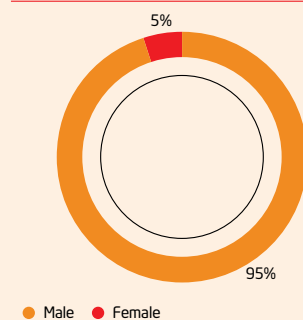
Sierra Cables PLC is committed towards ensuring gender parity to the maximum extent possible and while the nature of the manufacturing operation requires male associates, the Company balances this out with greater female representation in the supporting and back-office functions across all departments.

Male: **95%** (261 nos)

Female: **5%** (15 nos)

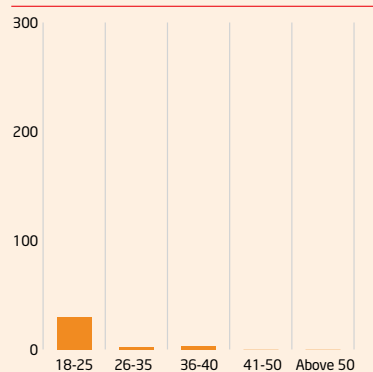


EMPLOYEES BY CATEGORY AND GENDER

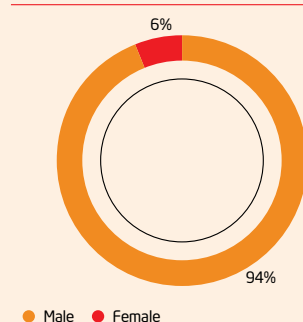


New recruits

Our recruitment strategies are aligned with the overall business strategy and we continuously upgrade our policies and practices in response to changing labour market dynamics. A systematic process is in place for attracting and onboarding employees and based on the arising need vacancies are advertised internally or externally, with senior management positions being recruited through professional networks. Endorsing the principle of equal opportunity our recruitment policy clearly defines that no one will be favored based on gender or ethnicity with employee screening and selection purely being based on competency and skill.



NEW RECRUITS BY AGE AND GENDER



Human Capital

Retention

Our employee retention policy is underpinned by a range of factors to include strategic training opportunities, performance measurement and reward schemes, monetary and non-monetary benefits, equal opportunity and health and well-being of employees. We conduct employee attitude surveys and satisfaction surveys in order to improve our work environment and facilitate a healthy and engaged workforce.

Building Talent

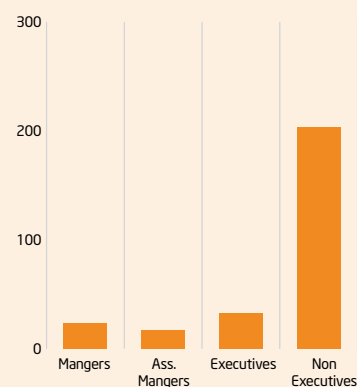
Followed by an empirical research carried out in 2019, a new HR policy with a strategic approach was formulated to realign all HR assets in an integrated manner. This has been tailored to address employee ability, motivation and opportunity enhancement through knowledge management thus eventually driving and inculcating a high-performance work system. Based on the employee skill evaluation and competency matrix which records the current knowledge, skills and abilities of the workforce, we assign relevant training programs for all our employees to ensure continuous development and improved performance. In addition to competency related technical trainings soft skill development trainings are also offered to our employees to groom the future leaders of the organization. The Company has developed a talent pool recognizing individuals qualified to eventually fill the key roles of the organization and we nurture and develop these resources further via appropriate professional development programmes.

Furthermore, the Company has in collaboration with National Apprentice and Industrial Training Authority (NAITA) developed a NVQ level training for cable machine operators in the cable industry to provide them with a vocational qualification with the intention of adding value to their profiles and offering them greater social recognition. The Company will serve as a training institute delivering a systematic training process. A grading system will also be established where production employees will be assessed based on a set of criteria providing them the opportunity for career advancement.

We promote a culture of Continuing Professional Development (CPD) making learning and development a conscious proactive endeavour. This CPD culture has helped to develop the skills and knowledge of our employees giving us a competitive advantage and helping us create a sustainable loyal workforce. Some of our on-going CPD programmes are as follows:

- Company Wide Improvement Program (CWIP) - An open forum for all employees across all layers to give their suggestions for the overall improvement of the Company.
- Bread Talk - An informal communication platform for executives across all departments to encourage constructive criticism and a healthy dialog for a firefighting free work culture.
- Personnel Best - Aimed at improving efficient and effective target achievement through tapping critical points while adhering to quality and required competencies.
- Idea Carnival - Designed to build the soft skills of the young work cadre.
- Path breaking program - Designed to improve synergy across functional teams and within and among departments.
- HSE Audit - Health, safety and environmental audit by floor level employees to provide suggestions for continual improvement.
- Knowledge Facilitating Hub - A formal and scheduled training program for newly recruited machine operators who have no experience in cable manufacturing.

EMPLOYEES BY EMPLOYMENT CATEGORY



Our featured training programmes

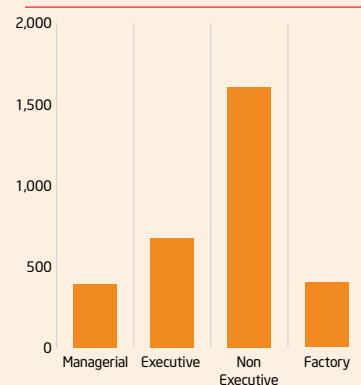
ISO related- firefighting, first aid, ISO standards awareness.

Competency building- bridge the KSC gap, job specific training.

Behavioral – OBT, team building, soft skills development, motivational training.

Total training hours per employee category (if training hours reduced during the year as a result of the pandemic we may state this)

TRAINING HOUR PER EMPLOYEE CATEGORY



Recognition and rewards

Performance management is an ongoing process where appraisals are generally conducted annually, at the time of employment confirmation, allocated for a special assignment, while being absorbed into the permanent cadre or to facilitate an internal promotion.

The Company has in place a comprehensive performance management framework, which helps associates review their performance expectations, including the behaviour they are expected to exhibit and the results they are expected to achieve during the upcoming rating cycle. Annual evaluations are carried out in three stages: self-appraisal, superior appraisal and cross functional team appraisal to reach an approximately 270-degree appraisal. In addition to providing feedback during the appraisal or whenever exceptional or ineffective performance is observed, a culture of providing periodic feedback on day-to-day accomplishments and contributions is also followed within the Company.

Benefits

In order to ensure our staff are motivated and happy we offer a host of benefits as outlined below:

Diversity and inclusion policies

Sierra Cables PLC is strongly committed to providing its employees with a workplace free from all forms of discrimination and harassment. We define discrimination to be denying any person equality of treatment in employment matters for any grounds other than those directly related to the requirements of the job.

Our recruitment and selection policy (HRPL/01) set out in the Human Resource Management Policy addresses and ensures that employees shall not be discriminated based on their gender, ethnicity or physically disabilities as we believe in sustaining a multicultural work environment enriched with various ethnicities and religions.

All our employees must act in accordance with the Code of Conduct provided in the Sierra Cables Handbook promoting workplace ethics and good corporate conduct.

Gender pay equity policy

No female employee shall be discriminated on the grounds of gender or pregnancy and receives equal remuneration according to the position held.

Specific policies on sexual harassment in the workplace

Specific policies are in place to address issues relating to sexual harassment and antibullying and the established grievance handling channels provide quick resolutions to any such grievances reported. Additionally, counselling facilities and awareness training sessions are held to raise general awareness among staff regarding disciplinary procedures in terms of workplace harassment.

Health and well-being

The main objective of Sierra Cable PLC's health and safety management policy depicts commitment to its employee's safety by aiming to eliminate or reduce risks to health, safety at workplace by catering to the welfare of all the employees/external parties who are affected by the business operations.

The concern for occupational safety is cascaded down from the Board through the management teams and intensive training is provided to emphasize the importance of responsible practices and safety gear. The strength of our Health and Safety Management System and commitment to provide a secure and risk-free work environment is reassured by our ISO 45001 certification. Stringent accident and incident reporting procedures are in place to make sure that the safety protocols are adhered to across all organizational activities and immediate action is taken where necessary to upgrade or improve the standards.

Objectives of the performance appraisal policy:

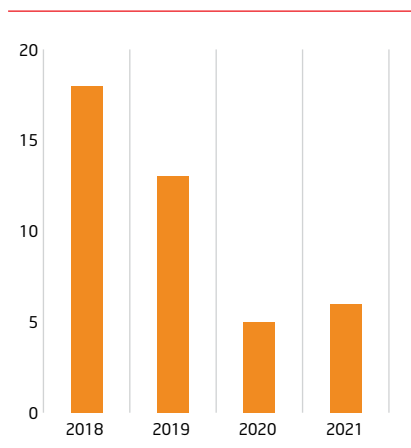
- Help and ensure that the quality and quantity of work performed by employees best meets set goals,
- Allow continuous communication between supervisor and employee about his/her job performance,
- Offer the supervisor and employee the opportunity to develop a set of expectations for future performances,
- Provide the opportunity for the supervisor and employee to assess the employee's past performance etc.
- Customized appraisals for each job including KPI measurements.
- Effective dialog between the supervisor and associate

Human Capital

Our accident follow-up procedure

- Report to immediate superior
- Organize first aid if the accident is minor or take victims (permanent/casual/contract) to the nearest hospital if the accident is major
- Report relevant information to the Departmental Head
- Department Head to notify the Executive Director and HR Manager
- HR Manager to assign an officer to carry out an investigation to find out the cause of accident
- Ensure welfare of victims providing the necessary financial assistance

NUMBER OF ACCIDENTS REPORTED



Special emphasis was placed on ensuring the safety of our workforce during the year amidst the COVID-19.

COVID-19 response

1. Working from home: telecommuting infrastructure was provided: dongles/ laptops/ free wifi
2. Transportation facilities
3. COVID 19 preventive measures at the entrance and exit
4. Constant awareness reminders on preventive measures via emails/notices
5. Setting up a strong response team including all department heads
6. Herbal drinks served at tea time
7. Steaming facilities at all departments
8. Restricting visitors/customers to ensure employee safety
9. Circulating updated information on the global and local COVID-19 scenario with special emphasis on combating each wave
10. Special instructions to safeguard each employees family from the pandemic
11. Exempting expecting mothers from attending office
12. Providing a balanced diet for lunch
13. Hot water drinking facilities at every department

19 pandemic and all safety protocols were implemented as per the guidelines provided by the health authorities. Necessary arrangements were made enabling our staff to work from home during the lockdowns implemented and subsequently with the easing of restrictions we carried out our operations based on a roster under safe working conditions to minimize any risk of infection. Transportation facilities were also provided to staff using public transport to ensure employee safety and well-being.

Staff engagement

The Company hosts a variety of staff engagement events during the year including the annual staff get-together of staff and factory employees, and interdepartmental path breaking engagement sessions spanning 3-4 months each year to keep staff motivated and happy.

Grievance handling

The open-door policy practiced at Sierra ensures that employees have the freedom to approach their supervisors and superiors at any time, to raise their concerns. While this policy promotes the early settlement of many concerns, a formal mechanism is in place for the escalation of grievances. This involves a step-by-step process, whereby an employee may escalate a grievance through his/her immediate supervisor, to the supervisor's superior and then to the Executive Director. Each and every employee can submit their grievances and have them examined in an appropriate manner without any prejudice or fear of punishment whatsoever.

Way forward

Our primary focus in respect of our human capital is strengthening and enriching our employee value proposition by continuously updating our HR related policies, providing the relevant training opportunities while paving avenues for career progression and refining our performance evaluations methodologies.



Social and Relationship Capital

Nurturing positive relationships with our customers, suppliers and the community at large is a significant facet of our value creation process. We ensure that our products meet the evolving needs of our customers whilst being ahead in our service delivery standards.

As a responsible corporate citizen, we are cognizant of the fact that the bonds we form with our stakeholders determine the growth and sustainability of our business operations. The relationships built with our customers, suppliers and business partners and communities form our Social and Relationship Capital and we aim to nurture these long-standing, mutually beneficial associations to create and

deliver interdependent value. Our Social and Relationship Capital enables the Company to strengthen its position in the industry and continues to remain a critical component of the value creation process while supporting our corporate strategy formulation.

Customers

Identifying and anticipating the ever-evolving needs of our customers, in today's fast paced world, is what will ensure the sustainability of our business. Regular market research and engagement with customers through feedback from our sales force, employees and other business partners, are key methods that we use to stay one step ahead in our service delivery.

Customer segments



Projects Market

Caters to Apartments, Hotels, Commercial Buildings, Housing projects and Mega infrastructure development projects



Dealer Market

Caters to Local distribution channels, Agents, Distributors and dealers



Institutional Category

Caters to Government tenders – such as Ceylon Electricity Board (CEB) for national electrification projects – and Telecommunication providers



Exports Market

Spans over 10 global destinations including the Maldives, Ethiopia, Kenya, Rwanda, Seychelles, Fiji and Vietnam

Customer health and safety

Customer health and safety is a critical aspect of the Company's products, services and customer solutions and we ensure that our products are free from harmful substances that may be dangerous to customers. All our products are subject to a megger and continuity tests while heavy cables undergo high voltage testing. We have gained prominence as the market leader for Low Smoke Halogen Free cables as well as FR cables which offer greater customer safety and have plans to enhance the portfolio with similar innovative products. Furthermore, the Company

also uses only 99.97% or above pure copper and virgin PVC for fire prevention and carried out strict inspection at each stage of product development.

Products are offered upon evaluation of customer needs and even customized on request to ensure customer satisfaction and adherence to required quality standards. We maintain complete transparency with respect to product features and provide the necessary literature and knowledge to customers enabling them to optimize usage. Packaging of our products is also

carried out in-house with high quality packaging materials. During the year, there were no incidents reported of non-compliance concerning product information and labelling.

Customer privacy

Customer information is treated with utmost confidentiality and not disclosed to any external parties without prior permission being obtained. There were no substantiated complaints against the Company concerning breaches of customer privacy and losses of customer data identified during the year.

Social and Relationship Capital

Marketing Communications

Continued emphasis was placed on enhancing our brand presence and strengthening relationships with customers through sales representatives and social media platforms. The Company's sales and marketing team covers the entire country except the Northern region which is managed by a distributor. Our aim is to place more focus on driving one-on-one sales to enhance customer convenience and elevate our brand name.

The key customers of the Company's range of cables are electricians, and to effectively engage this segment, Sierra Cables PLC conducts seminars which not only refresh and upgrade their technical knowledge, but also provide information about the product range offered by the Company. A points scheme is also offered to hardware stores that can be subsequently redeemed in the form of attractive rewards to drive greater loyalty.

Anti-competitive behaviour

Pricing of our products is carried out in line with the country's monetary policy and market trends and developments. Anti-competitive behaviour is vehemently discouraged and during the year under review the Company did not incur any fines or penalties for anti-competitive, anti-trust or monopolistic behaviour.

Anti-corruption

The Company holds a stand of zero tolerance towards corruption of any form. Strict adherence towards industry rules and regulations is maintained including ISO system certification audits and SLS product certification audits. The internal audit division monitors and reviews compliance with internal protocols and documentation procedures of all functions while CCTV surveillance has been implemented across the factory and office premises to ensure no fraudulent activity takes place. Overall sound internal controls are in place to ensure ethical manufacturing practices and there were no reports of risks and/or incidents relating to corrupt practices during the year under review.

Suppliers and Business Partners

Our suppliers and business partners are key contributors to our value creation process and we have forged responsible and long-term relationships with all such parties. We strive to maintain a network of suppliers and business partners who help us maintain smooth and

uninterrupted business operations and deliver the expectations of our stakeholders.

Procurement procedure

The Company sources its raw materials and production consumables both externally and internally. Most of the raw materials used in the production of cables including Copper, Aluminium, Alloy Aluminium, PVC, XLPE/FR Compounds, Steel Wire are imported, and the Company has built a solid network of suppliers to ensure production is carried out without any obstruction. Most of our imports are from Dubai and India and in order to ensure further supply security we have extended our network to Indonesia and Malaysia as well. In a post COVID scenario with increased raw material prices, capacity issues of suppliers and global trade restrictions the Company has strengthened its procurement practices, planning well in advance to meet the production requirements.

The sales division prepares the sales plan, and the production division plans the production according to the sales plan and stock keeping requirement. The raw material requirement is based on the production plan of the month and the requisitions are allocated accordingly. Material planning is a proactive process assuring ample lead time to facilitate smooth production runs and as an ISO 14000 certified company we maintain a list of registered suppliers. This list is periodically reviewed to ensure that we source the best quality material required for our products from the most reliable and trustworthy suppliers.

Supplier evaluation

When purchasing from a newly registered supplier we make sure our procurement protocols

are strictly followed. Samples are initially requested from such suppliers, subsequent to which stringent testing is carried out. Consequently, we import a small commercial quantity and if these materials meet our required standards, we move ahead with purchasing the full order. We encourage transparency, ethical business practices, competitive and fair pricing, high quality, timely supply and value for money and carry out our supplier assessments based on the following criteria.

- Level of certification with international standards such as ISO.
- History of supplying similar goods to Sri Lanka or other countries.
- Production facilities, manufacturing technologies and capacity of continuous supply of the material.
- Negotiable and competitive pricing.
- Performance of the supply in terms of delivery history, meeting required specifications, level of technical assistance when required and follow up on complaints.
- Compliance with environmental standards when packing and supplying materials.

Compliance

The quality of relationships maintained with our suppliers and business partners is in sync with the standards maintained throughout the Group's value chain and are governed by Sierra's ISO 14001 certified Quality Management System. During the year under review there were no incidents of non-compliance nor any negative impacts from supply chain activities.

Memberships in associations

Local	International
Ceylon Chamber of Commerce	International Chamber of Commerce
National Chamber of Exporters	European Chamber of Commerce
The Ceylon National Chamber of Industries	Germany Business Council
Sri Lanka Chamber of Small & Medium Industries	Sri Lanka-Australia-New Zealand Business Council
The Plastics & Rubber Institute	Sri Lanka-China Business Council

Community

The underlying philosophy of social responsibility in Sierra Cables PLC, pertains to people and organizations behaving and conducting business in compliance with ethical management concepts with sensitivity towards social, cultural, economic, and environmental compliance. As a company, we believe that striving to comply with social responsibility helps the community, organizations, and governments to have a positive impact on development, business, and society. Being a manufacturing company, we embrace social responsibility to create a positive impact through our operations while facilitating long-term organizational performance and stakeholder's mutual trust. Accordingly, we identify seven key focus areas of social responsibility as outlined below.

Organisational governance	Organizational governance takes a holistic approach encompassing the processes, standards, rules, and practices the organization should follow. It monitors adherence to the principles and concepts of ethical management throughout all organizational activities.
Human rights	We promote a culture of equal rights and opportunities without discrimination of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.
Labour practices	We maintain strict adherence to labor practices and laws that affect hiring of employees, promotions, remuneration, disciplinary administration, transfers and reassignments, grievance handling, employee welfare, human resources development, occupational health and safety, working conditions and termination of employment etc.
Environment	We consider it our responsibility to protect the environment and conserve the natural resources and where possible, to repair the damage and reverse trends for the benefit of the future generations.
Fair operating practices	Fair operating practices include avoiding any form of corruption or anticompetitive practices leading to less reputational and legal risks.
Consumer issues	Consumer issues can come up whenever an individual purchases goods or services as a consumer.
Community involvement and development	We continue to engage with identified community groups bringing about positive, measurable change to both the communities we operate in and to our corporate image.

CSR and Community upliftment initiatives

- Employment opportunities for village locals where available.
- Providing extensive internship programs for university undergraduates and students at technical institutes on an annual basis.
- Providing cables at a welfare price for schools/ dhamma schools/ temples/ police stations of the area for their developmental activities.
- Demarcating an area from the company premises by donating a patch of land for a common well for community usage.
- Selling wooden pallets and remnants on a welfare price for personal use.
- Donating dry rations for low-income families of the Kaduwela area during the first wave of the pandemic.
- Donations for village activities, dhamma schools prize giving's, schools etc.
- Assisting in renovations of Athurugiriy rural hospital.
- Annual donation of books, stationery, school equipment, musical instruments etc. to less fortunate schools in Sri Lanka.
- Facilitating the COVID-19 Vaccination Program for the village locals.

Way forward

Social and Relationship Capital will continue to be a core facet of our value creation process and we will take measures to sustain the relationships built with our customers, strategic business partners and the larger community. The Company will also continue to seek emerging opportunities within export markets to further enhance its footprint.



Intellectual Capital

A strong brand, market experience, domain knowledge, formidable network and intellectual property can enhance our capacity to innovate and strengthen our brand equity and reputation. These assets set us apart, infusing a competitive edge.

As an intangible value driver stemming from our brand value, industry expertise, wealth of knowledge, and creativity our intellectual capital plays a pivotal role in determining our ability to create sustainable for the benefit of all our stakeholders. We are committed towards nurturing our intellectual capital by encouraging and creating ample space for innovation, continuous knowledge enhancement and creating a positive work culture with adherence to high standards of quality, ethics and integrity.

Brand value

Managing our brand has always been a crucial element in our value creating process and we have diligently and conscientiously sought to portray our brand as an exemplary corporate citizen driven by a strong commitment to contribute to the nation and its people. Our effective brand building strategies implemented over the years have helped us gain a competitive advantage and enhance our market position. The Company showcases its corporate brand logo at strategic touchpoints and locations and also supports events that facilitate better

interaction with customer segments. Our wide-spread distribution network, strengthened by our well-trained team of sales coordinators have been an immense contribution towards promoting the Company's product portfolio and its brand image. Over the years the value of our brand has increased exposing the Company to new business opportunities. This has motivated and encouraged us to continuously improve our product standards and pursue innovative product ventures that make us stand out as a unique and trusted brand in the industry. Resultingly, the Company has on numerous occasions been recognized and awarded for its excellence and outstanding performance and overall contribution to the country's economy.

During the year under review Fitch Ratings revised the Company's rating from BB- to AA- with negative outlook further demonstrating the Company's market position and overall stability.

Knowledge, skills and experience

We are proud of the knowledge culture we have established and encouraged over the years. It is

our strong belief that a qualified and well-trained workforce is essential to the development of the Company and that it forms the backbone of our operations. This knowledge culture has always helped us gain a unique position and advantage in the industry. The Company always invests in effective induction programmes, coaching and mentoring sessions to ensure that the knowledge is passed on to new recruits at all levels enabling a future-fit organization.

Processes, systems and technology

We maintain robust systems and processes to ensure productivity and efficiency in our operations. These processes are continuously monitored and reviewed to identify potential improvements and periodical upgrades are carried out to make sure we are positioned to deliver better performance.

The year under review witnessed the following key improvements.



Process improvements

We undertook the manufacture of anti-rodent cables based on a customer specifications and were able to successfully meet the requirements. The test report for this has been received from the University of Moratuwa.

Additionally, we also expanded the CCTV system from 40 units to 128 units facilitating better coverage to monitor the cable factory premises operation.



Capacity enhancements

Installation of an Electro Plating Machine for tin copper conductor manufacturing to enhance the solar cable manufacturing capacity. We also carried out an analysis of the existing bottle neck of solar cable manufacturing and decided to invest in a 90mm Extruder machine as well as 630 high speed bunching machines.

Further, we invested in a 1250mm Bunching machine to increase the seven-strand wire capacity above 4mm² cables.

We also extended our ABC finished drum storage capacity utilizing a vacant area of the newly purchased land. Which support to the ABC cable manufacturing capacity increment, reduce the forklift movement, and eliminate the hindrance of loading while delivery.



Technology

Steps were taken to upgrade the laboratory by investing in cable testing equipment for fire resistant cables and low smoke halogen free cables to comply with BS 6387, BS 8491, IEC 60754, IEC 61034-2 & IEC 60332. This equipment was installed in a separate extended section of the laboratory.

Progress was also made towards upgrading the existing Navision system and this is expected to be completed in 2021.

Further, the artificial intelligence systems being implemented to monitor and improve production efficiencies is also nearing completion.



Backward integration

Established a joint venture copper rod manufacturing plant from the copper wastage having an output capacity of 120MT per month.

Ethics and compliance

Conducting business in an ethical way is embedded in the corporate DNA of Sierra Cables PLC. We take full responsibility of our actions and consistently strive to deliver greater value to all our stakeholders while upholding high standards of integrity and honesty. An informal policy is also on place allowing employees to come forward with any grievances or concerns and communicate freely with the top management without fear of being reprimanded.

As a manufacturing and export Company we place high importance on adhering to legal and regulatory guidelines and standards. Over the years, our reputation has been greatly enhanced on account of our untarnished compliance record as well as our commitment towards timely adoption of new regulatory changes.

Way forward

We will maintain our focus on nurturing our intellectual capital through continued investments in process efficiencies, product innovations and strong talent pipelines. We will direct our efforts towards upholding high standards in every aspect of our business thereby upholding the trust and confidence of our stakeholder groups. Deep insights of customer needs developed over the years will continue to fuel our product innovations and customized product solutions to maintain our strong position within the industry.

Natural Capital

Embedding sustainable environmental practices within our production process we continuously invest in technology, processes and systems to nurture and responsibly manage natural resources.

The Group recognizes that a sound Natural Capital management strategy is of paramount importance for long term sustainable value creation. The organization has in place a comprehensive environmental management system comprising of policies and procedures which enable environmentally responsible and socially equitable consumption of Natural Capital across the entire value chain whilst improving the bottom line. The Group focusses on efficient management of inputs such as material, energy, water and conservation of biodiversity, while responsibly managing outputs such as emissions, waste and effluents. The initiatives undertaken by the Group as a part of its commitment to managing Natural Capital are discussed in detail in the ensuing sections.

Environmental Management Policy

The Company embraces an Environmental Management Policy that sets forth its commitment to create value by efficiently managing and nurturing the natural capital resource.



Optimizing our Inputs

Material Management

The Company utilises a variety of input materials which account for a significant proportion of the costs. Multiple measures have been implemented to ensure the efficient and responsible use of raw materials in our production process. As measures of optimizing material use, we have improved our production planning process and layout of operations and introduced new and more efficient raw materials. Accordingly, we have been able to reduce our rework from 11%

to 3% during the year under review. Due to the COVID-19 pandemic and its resultant challenges to business operations, we have also increased our focus on ordering bulk loads and maintaining sufficient stocks of raw materials which in turn contributes towards the reduction of carbon footprint.

Type of Material	Material used by weight or volume	Unit of measure
Copper	1731	MT
Al/Al Alloy	2127	MT
PVC	1564	MT
XLPE	822	MT
Steel	173	MT



Energy Management

During the year, the Company made steady progress towards conservation of energy within its value creation process. The main sources of energy consumption were electricity and fuel, and steps were taken to ensure these resources were managed efficiently and effectively.

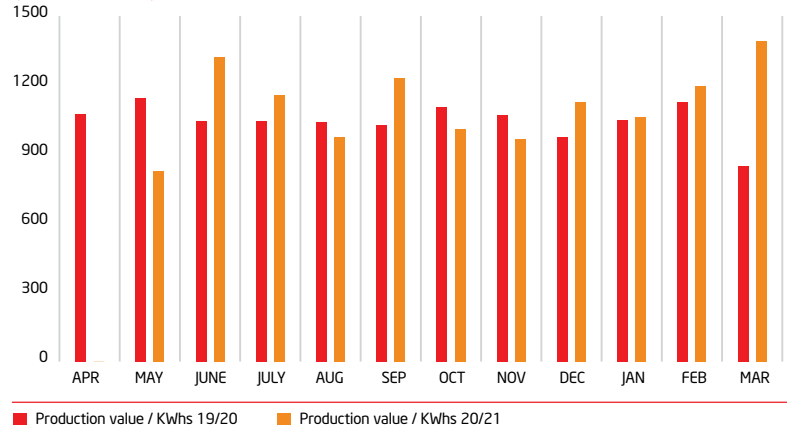
- Recovering energy through micro machines by modifying the steam recovery process which delivers enhanced efficiency.
- Installation of solar panels to meet the electricity needs of the factory and office premises while delivering the additional electricity generated to the national grid.
- Reducing power consumption of the lighting system by cleaning existing polycarbonate sheets and increasing the number of sheets, using natural lighting in the warehouse and replacing CFL bulbs in the plant with LED bulbs.
- Optimising machine runs by encouraging machine runs at off-peak times and using the interlocking system during peak hours to prevent two machines operating at the same time.
- Optimising compressed air system by introducing ring blowers in reducing compressed air. Additionally, regular maintenance of water lines and air lines are carried out by fixing water filters and drainers and reducing the compressed air leakages.
- Optimising energy consumed by air conditioning units by replacing the old units with energy saving inverter technology, running ACs at room temperature and adding an 'On-off' timer for AC machines on automatic mode.

- Installation of UPS systems for extruder machines to ensure uninterrupted power supply while manufacturing customized cables so that in the event of a power

failure, production may continue. As a result, there will be no requirement to restart the machines thus leading to cost and time savings.

PRODUCTION VALUE / KWHS

(Value/Cubic [Rs/m³])



■ Production value / KwHs 19/20 ■ Production value / KwHs 20/21

*Factory closed due to the COVID impact in month of April

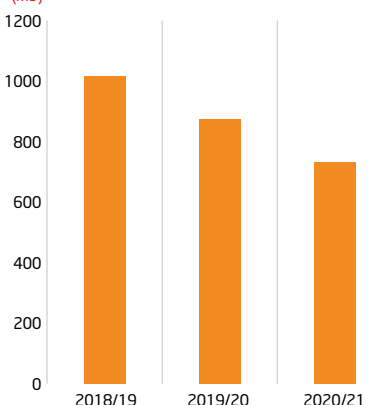


Water Management

As a part of its Natural Capital management approach, the Group monitors its water usage and wherever possible, strives to use lower volumes of water or recycled water to minimise its use of the resource. All employees are educated on the importance of conserving water and minimizing wastage and we also make sure quick remedial action is taken to fix or prevent any leakages. We have also developed a rainwater harvesting plant at our factory premises which is primarily utilized for the cooling of machinery. A 14% saving on non-machine purpose water consumption was achieved compared to the prior year as a result of better management of water resources.

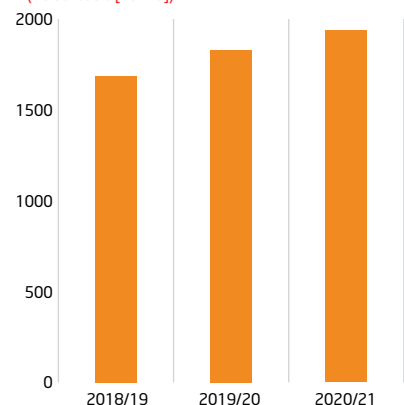
WATER CONSUMPTION-NON MACHINE PURPOSE

(m³)



WATER CONSUMPTION-MACHINE PURPOSE

(Value/Cubic [Rs/m³])



Emissions Management

In order to manage its emissions the Company has made various changes to its processes including changing the method of copper tinning to conventional vapour scrubber method through which all possible emissions are trapped and separated. Additionally, with the changes made to the process layout we have allocated a separate area for the solar cable manufacturing plant to minimize the forklift movements.

Natural Capital



Waste Management

As a responsible corporate citizen, the Company has implemented several measures in order to reduce waste generated within its production process including:

- Shifting from the use of Grafted Polymer to Base Polymer, thus significantly reducing waste generated in the process of changeovers as well as machine cleaning frequency. The use of base polymer has significantly improved the processing ability resulting in an overall reduction in wastage and rework ABC Cables from 15% to 3%
- Encouraging our sales team to return the wooden drums used for transportation of our cables to customers in order to reuse and reduce our consumption of wood.
- Recycling waste by baling it into blocks to use as paving bricks and for other purposes. The baling also helps to compact waste and saves storage space.

Building Awareness

Sierra Cables PLC does not pose a direct threat to any natural habitats, fauna or flora within its production process. However, the Company places great importance on educating the workforce on environmental conservation and carries out various sustainability projects aimed towards preserving the biodiversity and ecosystems with the involvement of its employees.

Programs on environmental conservation

1. Comprehensive awareness programs are carried out on an ongoing basis on ISO 14001:2015 (Environmental Management System) for all the employees of the company.
 - a. To continuously improve the Company's environmental performance through commitment, planning, implementation, evaluation and review.
 - b. To clearly educate each employee on his/her responsibility towards conserving the environment
 - c. To provide awareness on the green concept

2. Providing internship training for undergraduates of Bachelor of Environmental Management
 - a. Every year undergraduates of the above program are provided with industrial training (i.e. From University of Kelaniya in 2019)
 - b. The intention is to provide them with special assignments in cross functional teams where our employees will also have access to knowledge sharing and dissemination
3. HSE Audit
 - a. Conducting Health, Safety and Environmental audits in the Company with teams of employees representing every category of the Company
 - b. All are provided with sufficient knowledge through training on environmental aspects, pollution, sustainability, auditing techniques etc.

During the year we also carried out a tree planting drive strengthening our environmental value proposition. We planted 200 fruit plants and hope to expand this initiative during the upcoming years as well.



Compliance

The Company complies with the necessary environment-related legal and regulatory requirements. During the year under consideration, there were zero incidents of non-compliance with environmental laws and regulations.

Certifications received

- Green Certificate by Ceylon Institute of Builders
- ISO 14001 : 2015

Way forward

In line with our aim of following sustainable environmental practices within our production process, we will continue investing in technologies and processes to further improve our performance in material, energy and water management while minimizing emissions and waste and strengthen our focus on renewable energy sources. We will continue our efforts towards biodiversity conservation and ensure compliance with all relevant laws and regulations. Acknowledging the gravity of emerging concerns surrounding global warming and climate change, we will contribute to our fullest capacity to reduce our carbon footprint.

Chairman's Message on Corporate Governance

I am pleased to have the opportunity to present the Group's corporate governance report which sets out the rules, practices and processes that direct and control the business activities.

As a responsible corporate citizen Sierra Cables PLC embraces high standards of professionalism and ethics. The Board sets the tone from the top, leading by example and has adopted sound corporate governance principles, appropriate governance structures and policies ensuring that these pervade the culture of the organization, promoting transparency, fairness, responsibility and accountability.

The Board is the ultimate authority responsible to shareholders and other stakeholders for the long-term sustainable delivery of the Group's strategy, activities and financial performance; including the efficient use of resources and maintaining social, environmental and ethical standards. The Board ensures that effective systems of risk management and internal control are in place to protect and enhance the shareholder value by ensuring sustainable, long-term growth.

Good corporate governance remains an essential part of running our business effectively, to meet the expectations of our shareholders and other stakeholders. Accordingly, we strive to evolve our

governance policies and processes in line with changes to local and international regulations as well as globally accepted good governance practices that may become relevant from time to time.

The Company has complied with the mandatory regulatory requirements and has taken a step further towards complying with the Code of Best Practice on Corporate Governance of 2017 issued by the Institute of Chartered Accountants of Sri Lanka. I wish to state that to the best of my knowledge and available information, I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by the Directors of the Board.

(Sgd.)

Mr. W.A.P. Perera

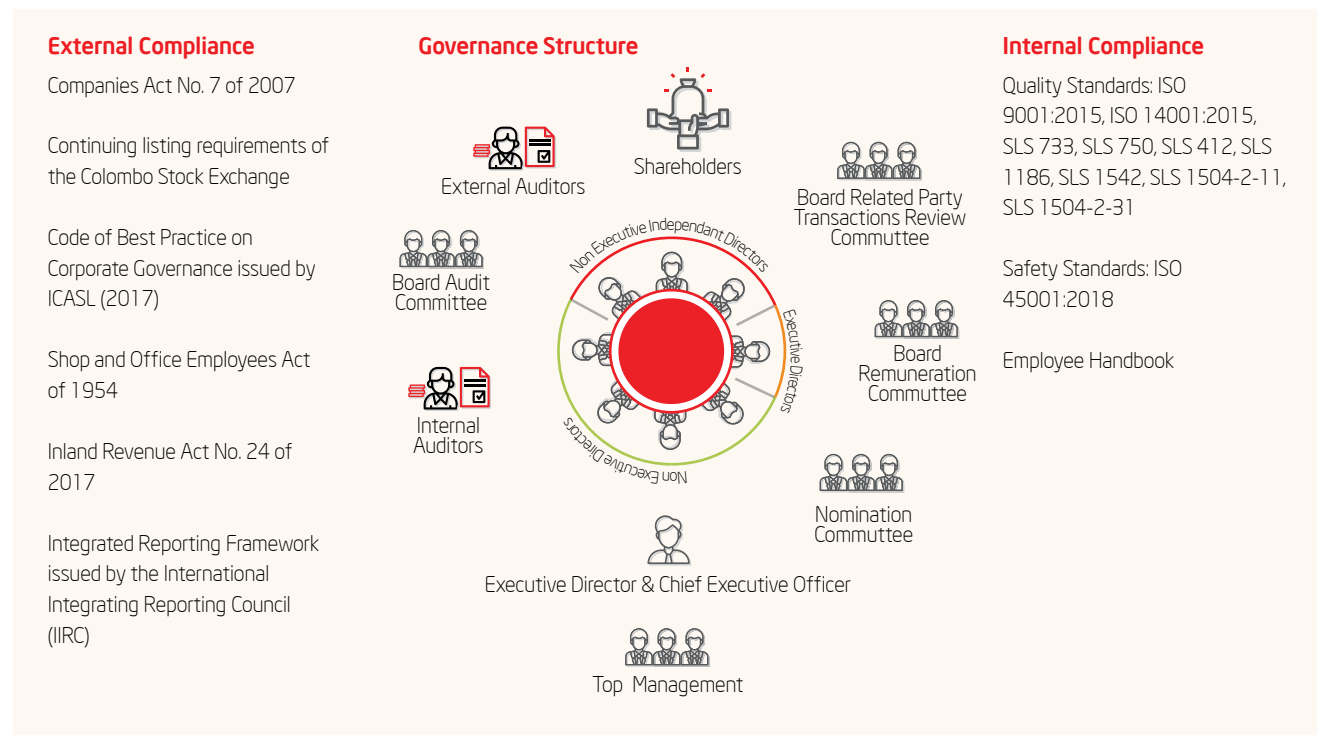
Chairman

8th September 2021

Corporate Governance

Corporate Governance Framework

Our corporate governance framework reflects our commitment to embrace a transparent and ethical culture upholding high levels of integrity and compliance. The underlying relationship between the Board, management, shareholders and all other stakeholders is established through our governance structure, via which the corporate values and objectives are set and the strategic direction and plans for achieving those objectives and monitoring performance are determined.



Governance Highlights 2020/21

Board Composition

- 03** Independent Directors
- 04** Non-Executive Directors
- 01** Executive Director

Board Size

08

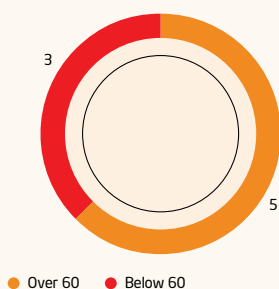
Appropriate and suitable board size promoting healthy debate and decision making

Board Independence

- 03** Independent Directors
- 05** Non Independent Directors

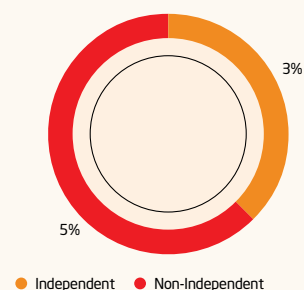
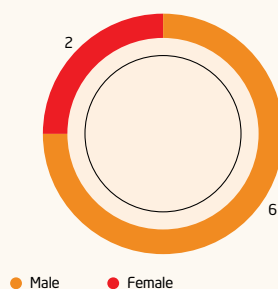
Age Diversity Over 60 - **5** | Below 60 - **3**

AGE DIVERSITY



Gender Diversity Male - **6** | Female - **2**

GENDER DIVERSITY



A diverse Board Roles and responsibilities

Board	Chairman	Chief Executive Officer
<ol style="list-style-type: none"> Enhancing shareholder wealth. Planning and guiding the business towards meeting the set objectives. Ensuring the interests of all stakeholders incorporate decisions. Formulating, communicating, and monitoring business policies, overall strategies and corporate goals to ensure sustained growth. Assessing and approving the implementation of management and internal control systems. 	<ol style="list-style-type: none"> Lead the Board and manage the business of the Board. Ensure that the Board receives accurate and timely information to make sound decisions. Encourage constructive discussions among the Board members to facilitate effective decision making. Monitoring the effectiveness of the Board. 	<ol style="list-style-type: none"> Improving shareholder value by formulating strategy, evaluating the viability and implementation to reach the desired objectives. Continuous monitoring and reporting to the Board on the Company's performance. Ensuring compliance with all applicable legal and regulatory obligations. Ensuring that the Company operates within the approved risk appetite. Developing and recommending the budgets to the Board.

Role of the Company Secretary

The Company Secretary is responsible for ensuring that the Board practices good governance when discharging its duties and that all applicable laws and regulations are complied with. Following are some of the main duties performed by the Company Secretary.

- Conduct meetings in accordance with the Articles of Association and relevant legislations.
- Provide timely and accurate information needed for meetings, advice on matters relating to corporate governance and economic and social sustainability.
- Maintaining registers of shareholders, company charges, directors and secretary and directors' interests in shares.
- Obtaining legal advice in consultation with the Board on company law, SEC, CSE and other relevant legislations in ensuring that the Group complies with all applicable laws and regulations.
- Filing statutory returns/information with the Registrar of Companies.

Board Sub-Committees

Sub-committee	Areas of oversight	Composition	Further information
Audit Committee	<ul style="list-style-type: none"> *Financial Reporting *Internal Controls *Internal Audit *External Audit 	M.N. Gunasekera Prof. A.K.W. Jayawardane Eng. B.W.N. Rupasinghe	Refer the Report of the Audit Committee on page 53 and 54 for more information.
Remuneration Committee	<ul style="list-style-type: none"> *Remuneration of Executive Director and Key Management Personnel *HR Policies including Remuneration Policy *Organisation structure *HR Systems including Performance Evaluation 	Prof. A.K.W. Jayawardane M.N. Gunasekera Eng. B.W.N. Rupasinghe	Refer the Report of the Remuneration Committee on page 55 for more information.

Corporate Governance

Sub-committee	Areas of oversight	Composition	Further information
Related Party Transaction Review Committee	*Related Party Transaction Policy *Disclosures on related party transactions in the annual report *Quarterly and annual disclosures of related party transactions	M.N. Gunasekera Prof. A.K.W. Jayawardane Eng. B.W.N. Rupasinghe	Refer the Report of the Related Party Transactions Review Committee on page 56 for more information.

Meetings and attendance

Board and sub-committee meetings are scheduled once in every two months. During these meetings, the Board analyses the monthly financial performance, selling and distribution, key projects, investment opportunities, key risks faced, appointments, etc. of the Company.

Board Agenda

Agenda and Board papers for meetings are sent 7 days before the meeting, allowing members sufficient time to review the same. Urgent Board papers are included on an exceptional basis.

Resolutions

Resolutions concerning business matters are passed by tabling at Board meetings. However, if deemed necessary resolutions are circulated.

Minutes

Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes. Previous Board minutes are to be tabled one week prior to Board Meeting.

Name of Director	Director Status	Meeting attendance			
		Board	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee
D. S. Panditha	ED	3/3			
W. A. P. Perera	NED	3/3			
Ms. G. S.M. Irugalbandara	NED	2/3			
E. A. D. T. B. Perera	NED	2/3			
Ms. S.N. Lokuge	NED	0/3			
Prof. A. K. W. Jayawardane	INED	3/3	5/5	2/2	5/5
Eng.B. W. N. Rupasinghe	INED	2/3	4/5	2/2	4/5
M. N. Gunasekera	INED	3/3	5/5	2/2	5/5

ED - Executive Director NED-Non-Executive Director INED - Independent Non-Executive Director

Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
A	Directors		
A.1	The Board	✓	Refer - A diverse Board on page 14
A.1.1	Board Meetings	✓	Refer - Meetings and attendance on page 46
A.1.2	Roles and Responsibilities of the Board	✓	Refer - Roles and responsibilities on page 45
A.1.3	Independent Professional Advice	✓	The Board members are permitted to obtaining dependent professional advice from third parties as deemed necessary including that of the Company's external lawyers and auditors at the expense of the Company.
A.1.4	Access to advice and services of Company Secretary and Insurance Cover	✓	Refer - Role of the Company Secretary on page 45. Health insurance cover has been provided by the company for key management personnel.
A.1.5	Independent Judgement	✓	All the Board members actively participate in the Board meetings by bringing up their own independent judgment.
A.1.6	Dedicate Adequate Time and Effort to Board matters	✓	Refer -Meetings and attendance on page 46
A.1.7	Calls for Resolutions	✓	Refer - Meetings and attendance on page 46
A.1.8	Board Induction and Training	✓	The Board has in place an induction programme for new Directors to ensure they are adequately briefed and have the requisite knowledge of the Group and its operations. The Board regularly reviews the training needs of the Directors and all Directors engage in relevant training programs to enhance their skills and expertise.
A.2	Chairman & Chief Executive Officer	✓	There is a clear demarcation of the responsibilities between the Chairman and the CEO. The functions performed by the Chairman and the CEO are distinct and separate, ensuring the balance of power and authority within the organisation, so that no person has unfettered powers of decision-making and implementation. Refer- Roles and Responsibilities on page 45.
A.3	Chairman's Role in Preserving Good Corporate Governance	✓	The Chairman is responsible for the leadership of the Board, managing Board meetings and business undertakings. The Chairman is responsible for ensuring that all relevant issues of the Company are dealt with on the Board Agenda and that Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations. Refer - Roles and Responsibilities on page 45
A.4	Availability of Financial Acumen	✓	Our Directors with their academic and/or entrepreneurial financial skill, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment to decision making on matters concerning finance and investment.
A.5	Board Balance	✓	Seven of the Eight Directors of the Board held office in a Non-Executive Capacity. The Board comprises of three Non- Executive Independent Directors. Each Non-Executive Director submits a signed and dated declaration annually of his/ her Independence or Non -Independence. The Chairman meets with the Independent Non-Executive Director as and when necessary.
A.6	Provision of Appropriate and Timely Information	✓	The Group has a state-of-the-art management information system to process and monitor the performance of the Group. Appropriate and timely information is made available to the Board members who make additional inquiries when necessary. Refer - Meetings and attendance on page 46.

Corporate Governance

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
A.7	Appointments to the Board	√	Directors are appointed by the shareholders based on the recommendations made by the Board of Directors. Appointments of new Directors are communicated immediately to shareholders through the Colombo Stock Exchange and Registrar of Companies inclusive of a brief resume of the newly appointed Director, relevant expertise, key appointments, shareholding and status of independence.
A.8	Re-election of Directors	√	In compliance with the Articles of Association of the Company, 1/3 of the Directors will retire from office each year and are eligible for re-election. Details of the Directors being re-elected at this year's AGM are given in the Notice of Meeting on page 129. Written communication is obtained from any Director resigning prior to completion of his appointed term.
A.9	Appraisal of Board Performance	√	The Board annually appraises itself on its performance in the discharge of its key responsibilities. The Board also undertakes an annual self-evaluation of its own performance and that of its committees identifying any areas which require improvements.
A.10	Disclosure of information in respect of Directors	√	The names of the Directors of the Board, their expertise, skills and profiles are disclosed on page 15 of this Annual Report. Directors' interests in contracts are indicated in Note 36.2 of the Financial Statements of this Annual Report. Names of the Chairman and members of the Board Committees are provided on pages 59 to 60.
A.11	Appraisal of the Chief Executive Officer	√	At the start of each year the Board in consultation with the CEO sets the goals to be achieved by the CEO during the year. At the end of each year the performance of the CEO is evaluated against these set targets.
B.	Directors' Remuneration		
B.1	Remuneration Procedure	√	The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 55 of this Annual Report. The Board as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and a fee for participating as a sub-committee member. The Remuneration Committee obtains the input of the Chairman relating to the remuneration of Executive Directors and external professional advice is sought when deemed necessary.
B.2	Level and Make up of Remuneration	√	The remuneration scheme for Executive Directors is structured to align rewards to their individual and corporate performance targets and the Remuneration Committee ensures that the remuneration is on par with market standards.
B.3	Disclosures related to Remuneration in the Annual Report	√	Refer – Remuneration Committee Report on page 55. Note 36.2 to the Financial Statements on page 113.
C.	Relations with Shareholders		
C.1	Constructive use of the AGM and Other General Meetings	√	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman. Separate resolutions are proposed at the AGM on each substantial issue. At the AGM, the Chairman of each sub-committee provides any clarification required by Shareholders. The notice and the agenda of the AGM together with the Annual Report of the Company containing the relevant documents are sent to the Shareholders 15 working days prior to the date of the AGM.

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
C.2	Communication with shareholders	√	Shareholders are engaged through various channels of communication, including the AGM, regulatory reports and announcements via the CSE. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretary. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management and our Company Secretarial Division and/or Communications Teams is responsible for answering such queries raised.
C.3	Disclosure of Major and Material Transactions	√	The Directors ensure that any transaction which may affect the net asset base of the Company is communicated to the Shareholders and required approvals are obtained and disclosures are made in accordance with the Statutes.
D.	Accountability and Audit		
D.1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	√	<p>The Board aims to present a balanced and understandable assessment of the Group's financial position, performance and prospects through this annual report. Interim reports have been published and all other statutory requirements have been complied with and approval of the Board has been obtained prior to publication.</p> <p>Refer –</p> <ul style="list-style-type: none"> - Annual Report of the Board of Directors on the affairs of Sierra Cables PLC on pages 59 to 61. - Statement of Directors' Responsibilities on page 58. - Management Discussion and Analysis on pages 20 to 40. - Independent Auditors' Report on pages 62 to 65. - Related Party Transactions in Note 36.1 in 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	√	<p>The Board is responsible for establishing a sound framework of risk management and internal controls and monitoring its effectiveness on a continuous basis.</p> <p>Refer-Managing Risks on page 51 to 52.</p>
D.3	Audit Committee	√	Refer - Audit Committee Report on pages 53 to 54.
D.4	Related Party Transactions Review Committee	√	Refer - Related Party Transactions Review Committee Report on page 56.
D.5	Code of Conduct and Ethics	√	<p>Refer –</p> <ul style="list-style-type: none"> - Human Capital on pages 30 to 34. - Chairman's Message on page 10.
D.6	Corporate Governance Disclosures	√	Refer - Corporate Governance Report on page 40.
E/F	Institutional and Other Investors		
E.1&F.1	Encourage voting at AGM – institutional and other investors	√	Institutional and other investors are encouraged to participate in the annual general meetings and exercise their voting rights. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution.
E.2	Evaluation of governance disclosures	√	Institutional investors are encouraged to give due consideration to all relevant factors related to Board structure and composition.
F.2	Investing/divesting decisions	√	Individual shareholders investing directly in the shares of the Company are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decision.

Corporate Governance

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
G.	Internet of Things & Cyber security	√	<p>The Board is conscious of its responsibility to ensure investments in technology generate the desired business value while mitigating associated risks. The Board is assisted in the discharge of responsibilities by the Audit Committee who monitors and reviews the Management's initiatives to ensure that information technology risks, including emerging cyber security risks, are managed appropriately.</p> <p>Consequently, data protection and cyber security matters are regularly addressed at Board meetings.</p> <p>This is headed by the IT Manager who is responsible the Groups IT security strategy and safeguarding against cyber threats.</p>
H.	Environment, Society & Governance	√	<p>The Board places significant emphasis on sustainable development and ESG factors are built into the Company's value creation model, strategy, governance and risk management framework.</p> <p>Refer-</p> <ul style="list-style-type: none"> - Strategy and Value Creation pages 20 to 21. - Risk management on pages 51 to 52. - Capital Reports on pages 24 to 42. - Corporate Governance on pages 44 to 50.

Rule No.	Applicable Requirements	Compliance	Page Ref
7.10.1	Non - Executive Directors		
7.10.1(a)	Non-Executive Directors (NEDs) on the Board	√	A diverse Board - page 44
7.10.2	Independent Directors		
7.10.2(a)	Independent Directors	√	A diverse Board - page 44
7.10.2(b)	Declaration of Independence	√	A Declaration of independence has been given by the Independent Directors
7.10.3	Disclosures relating to Directors		
7.10.3(a)	Names of Independent Directors should be disclosed in the Annual Report	√	Board of Directors - page 15
7.10.3(b)	The basis for determining the independence of NEDs, if criteria for independence is not met The Board has determined that criteria for independence is met for IDs	√	Corporate Governance - page 44
7.10.3(c)	A brief resume of each Director should be included in the Annual Report, including his area of expertise	√	Board of Directors - page 15
7.10.3(d)	Upon appointment of a new Director a brief resume of the Director should be submitted to the Exchange	√	Corporate Governance - page 44
7.10.5	Remuneration Committee		
7.10.5(a)	Composition of Remuneration Committee	√	Report of the Remuneration Committee - page 55
7.10.5(b)	Functions of Remuneration Committee	√	Report of the Remuneration Committee - page 55
7.10.5(c)	Disclosure in the Annual Report relating to Remuneration Committee	√	Report of the Remuneration Committee - page 55
7.10.6	Audit Committee		
7.10.6(a)	Composition of the Audit Committee	√	Board of Directors - page 15 Corporate Governance - page 44 Report of the Audit Committee - page 53
7.10.6(b)	Functions of the Audit Committee	√	Corporate Governance - page 44 Report of the Audit Committee - page 53
7.10.6(c)	Disclosure in the Annual Report relating to the Audit Committee	√	Report of the Audit Committee - page 53

Risk Management Review

Risk management plays a pivotal role in the operations of the Company and is key to our success and growth. The prevalent volatile economic environment has had a major impact on how companies govern their risk strategies and pursue business opportunities at present. Hence the Company has increased its focus on identifying and mitigating risks to successfully face the challenges brought on by a turbulent and ever-evolving environment with the intention of safeguarding shareholder's wealth and the Company's assets.

The financial year 2020/21 has been a very challenging one, with the global COVID-19 pandemic presenting new and unprecedented risks to the Company. However, due to our efficient and proactive management practices, we were able to combat any serious threats to the business effectively and ensure healthy performance levels for the year. Thus, it is evident that effective risk management is fundamental to the growth and sustainability of the Company and hence a core deliverable in the organization's approach to strategy management.

Risk Management Framework

At Sierra Cables risk management is a continuous, forward-looking process that requires strong leadership and the risk management framework spans throughout the entire organization from the Board right down to the operational level. The responsibility of managing risk, communicating the risk strategy and approving policies for effective risk management ultimately rests with the Board. The Audit Committee reviews the comprehensive risk profile and receive quarterly reports on risk management which includes individual company risk portfolios, sound internal control systems and other mitigation actions. Each department is responsible for identification, measurement, monitoring, management and reporting of risks giving due consideration to the business climate, competition, stakeholder concerns and the department's business goals.

Board of Directors

Retains overall accountability for the governance of risk and effective risk management.

Board Audit Committee

Reviews the adequacy of the risk management framework by evaluating the risk management reports submitted by the respective department heads as well as from internal and external auditors.

Management

Each department head is responsible for identifying the key risks affecting the respective areas in the business that they handle and adopt appropriate risk mitigation measures with the approval of CEO and Executive Director.

Internal audit plan is designed to identify key business risks and assess the effectiveness of measures designed to address those risks

Any key risk identified by the External Auditors during the years end is reported to the board Audit Committee via the management letter

Risk Management Process

A well-structured risk management process has been implemented at Sierra Cables PLC involving risk identification, analysis, mitigation, implementation and monitoring and review as demonstrated below:

Risk Identification

The purpose of risk identification is to find, recognise and describe risks that might help or prevent an organization achieving its objectives.

Risk Analysis

The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk. Risk analysis involves a detailed consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness.

Risk Mitigation

Based on the risk analysis and the likelihood and impact of the risk, the decision is taken to either accept, minimize, avoid or transfer the risks.

Implementation and monitoring

Once the risk mitigation plans have been put in place continuous monitoring is carried out to assess the effectiveness of the measures taken.

Review

Continuous review is performed in recognition of the evolving trends of the business and external environment and the risk strategies and plans are updated accordingly to stay ahead of the changes and potential impacts.

Risk Management Review

Risk Register

In support of the above risk management process the Company maintains a comprehensive risk register, which is addressed quarterly with the risk owners.

Risk Culture

As risk management is a vital element of corporate sustainability, the Company encourages a culture of risk awareness among all its employees. The Company recognizes that risk management is the responsibility of

all employees, rather than being a separate and standalone process and regular training on risk awareness forms part of the training calendar of the workforce.

Risk	Impact	Mitigation Process	Priority
Market Risk Assessment Impact H Likelihood H	The Financial year under review witnessed significant business interruptions due to COVID-19 impacts resulting in reduced sales, impacting operating margins and profitability.	*Completion of the pending projects with minimal staff upon obtaining special permission prior to lifting lockdown. *Monitoring market trends for key inputs at sector level to ensure we receive competitive pricing.	H
Financial Risk Assessment Impact H Likelihood H	Financial markets continue to be fluctuating and increase the risk of investing and funding activities. Volatile financial conditions will lead to potential losses and increasing credit risk of the business.	*Borrowing from fixed interest rate funding sources. *Maintain positive relationships with financial institutions in order to obtain lucrative rates. *Sales representatives to collect debts in frequent basis. *Monthly meetings with sales representatives to review on debt collection.	H
Customer Risk Assessment Impact H Likelihood M	Customer attraction, retention and customer satisfaction is a crucial factor determining the market share of the business.	*Improve the customer engagement in order to understand the customer interest and their requirements and focus more on improvements to the existing products in order to maintain customer satisfaction. *Enhanced the local market presence via expansion of the coverage of sales representatives across the island.	H
Employee Risk Assessment Impact H Likelihood L	Long-term growth of the Company is directly linked to the employees' commitment to the Company's vision mission and targets. Failure to attract skilled labour or retain and develop talent will affect the ultimate growth prospects of the Company.	*Having a transparent and fair mechanism to recruit staff. *Identify training needs through skill gap analysis and provide ongoing as well as cross functional trainings to increase awareness of other department functions.	M
Health and Safety Risk Assessment Impact H Likelihood L	The likelihood that an individual may be harmed or suffers adverse health effects if exposed to a workplace hazard or viral infection	*Operations and plants are designed considering employee health and safety. *Implement health and safety protocols recommended by GOSL.	
Inventory & Supply Chain Risk Assessment Impact M Likelihood M	Since the manufacturing industry is highly dependent on the availability of raw materials poor inventory management would increase the risk of obsolete inventory. This may lead to increase stock holding costs.	*Focus on developing and maintaining strong relationships with suppliers through long-term contracts. *Regularly evaluating the stock level. *Thoroughly protect the warehouses in order to minimise unnecessary losses.	M
Information Risk Assessment Impact M Likelihood L	Real time accurate information greatly impacts management decisions and a loss of sensitive information may lead to a loss of competitive advantage.	*Regular backups of all data bases. *Regular system upgrades and implementing the ERP system inclusive of new functions. *Improving cyber security to protect confidential information.	M
Exchange Rate Risk Assessment Impact H Likelihood H	Drastic depreciation of the Sri Lankan Rupee against the USD post COVID-19 exposes the Company to higher levels of risk when conducting transactions involving foreign currency movements.	*Effective management of exchange rate exposure using financial risk management tools such as hedging.	H

Report of the Board Audit Committee

COMMITTEE COMPOSITION

Committee Chairman

- M.N. Gunasekera

Members

- Prof. A.K.W. Jayawardane
- Eng. B.W.N. Rupasinghe

Meetings

The committee held 05 meetings during the year of which the attendance details are given below.

Name	Attendance
M.N. Gunasekera	05/05
Prof. A.K.W. Jayawardane	05/05
Eng. B.W.N. Rupasinghe	04/05

* M.N. Gunasekera resigned from the board on 05th May 2021 and P.E.A.B. Perera was appointed to the board and nominated as the Chairman of the Audit Committee on 13th May 2021.

Mr. R. D. S. Malinga – Finance Manager acted as the secretary to the Committee.

Terms of Reference

The Group Audit Committee was established to assist the Board in fulfilling its oversight responsibility for the Group's financial reporting system, compliance with legal and regulatory requirements, internal control mechanism, risk management process, internal audit function and review of independence and performance of External Auditors with a view to safeguarding the interests of shareholders and all other stakeholders.

The Audit Committee Charter clearly defines the Terms of Reference, the composition and role and responsibilities of the Committee and is reviewed periodically to ensure that emerging trends in the business environment are adequately addressed within the Committee's functions.

KEY RESPONSIBILITIES OF THE COMMITTEE

*Exercising oversight in relation to compliance of published financial reports with the Companies Act No. 07 of 2007, other legal and regulatory requirements, reporting standards and governance standards.

*Review of controls in the preparation and presentation of the financial statements and ensuring the adequacy of disclosures in accordance with the Sri Lanka Accounting Standards.

*Monitoring and review of the adequacy and effectiveness of the Group's internal control system and risk management function and ensuring the Company's assets are properly safeguarded.

*Monitoring the internal audit function and carrying out discussions with the internal auditors regarding the audit program, audit findings and following up on the issues presented.

*Assessing the independence and performance of the external auditors and making recommendations to the Board relating to the appointment, re-appointment and removal of the External Auditors.

*Defining the non-audit services to be obtained from the external auditors.

*Approving remuneration and terms of engagement of the External Auditors.

*Carrying out discussions in relation to the findings arising from the annual financial statements audit.

*Recommending to the Board the approval of the Annual Report and Audited Annual Financial Statements and Quarterly Reports.

Activities in 2020/21

Financial reporting

The Audit Committee reviews and recommends the Company's quarterly and annual financial statements to the Board for approval, prior to release, including the extent of compliance with Sri Lanka Accounting Standards (LKASs and SLFRSs) and the adequacy of disclosures required by other applicable laws, rules and guidelines. Accordingly, the Committee ensures that an effective of financial reporting system is in place providing reasonable assurance on the reliability and timeliness of the information provided to the stakeholders.

Furthermore, discussions are carried out in consultation with the management on the accounting developments and tax regulations that are likely to affect the financial statements.

Internal Audit, Risk and Controls

The Committee reviews the Internal Audit plan at regular intervals and accommodates changes to suit the operating environment and business needs. Performance of the Internal Auditors and the resourcing requirements are also monitored and discussed. Monitoring of follow-up action is done to ensure audit findings are addressed in a timely manner.

The Committee also reviews the adequacy and effectiveness of internal controls and risk management methods in place highlighting any areas which require attention and makes recommendations to the Board.

Upon review of the processes established for identification, evaluation and management of operational risks faced by the Company during the year, the Committee is satisfied that an effective system of internal controls is in place to safeguard the Company's assets.

External Audit

Messrs. KPMG were appointed as the External Auditors of the Company and the Audit Committee is satisfied that the independence and objectivity of the External Auditors has not been adversely influenced by any event or service that could result in a conflict of interest. Due consideration has been given to the level of audit and non-audit fees received by the External Auditors.

Report of the Board Audit Committee

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been discussed with the senior management of the Company and the Audit Committee has recommended to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as External Auditors for the ensuing financial year, subject to approval by the shareholders at the Annual General Meeting.

Committee Effectiveness

The performance of the Committee is reviewed annually as part of the Board effectiveness review. The Committee completed its self-assessment for the year 2020/21, conducted by the Chairman and Committee Members and the review concluded that the Committee continues to operate effectively.

(Sgd.)

P.E.A.B. Perera

Chairman-Audit Committee

8th September 2021

Report of the Board Remuneration Committee

COMMITTEE COMPOSITION

Committee Chairman

- Prof. A.K.W. Jayawardane

Members

- Eng. B.W.N. Rupasinghe
- M.N. Gunasekera

Meetings

The committee held 02 meetings during the year of which the attendance details are given below.

Name	Attendance
Prof. A.K.W. Jayawardane	02/02
Eng. B.W.N. Rupasinghe	02/02
M.N. Gunasekera	02/02

Terms of Reference

The committee's terms of reference outline the composition, role and responsibilities of the committee.

The objective of the Committee is to ensure that appropriate human resource policies and practices are adopted across the Group and a strong remuneration framework is in place to attract, retain and motivate high caliber Key Management Personnel (KMP) who contribute positively to achieving the Company's strategic goals.

Remuneration Policy

The remuneration policy of Sierra Cables PLC is designed to:

- *Attract and retain high caliber individuals.
- *Provide a competitive total compensation package including benefits.
- *Ensure fair and equitable compensation.
- *Be in line with the industry benchmarks and individual performance standards.
- *Ensure compliance with the laws and regulations applicable in the country.

KEY RESPONSIBILITIES OF THE COMMITTEE

*Set the principles, parameters and governance framework of the Company's remuneration policy.

*Make recommendations to the Board regarding the Company's remuneration practices ensuring these are in line with the overall business strategy, objectives and long-term interests of the Company.

*Make recommendations to the Board regarding the remuneration of the Executive Director and Chief Executive Officer.

*Succession Planning for key positions of the Company.

Activities in 2020/21

-Evaluated the Company Remuneration Policy against the current market trends and industrial norms.

-Evaluated the performance of the Executive Director, Chief Executive Officer as well as the individual and collective performance of Directors and Senior Management.

-Reviewed, monitored and evaluated performance of Key Management Personnel as well as their development needs and succession planning.

Committee Effectiveness

The annual evaluation of the performance of the Committee was carried out by the Board and the Committee was deemed to be operating effectively.

The Committee will continue to assist the Board of Directors by strengthening and presenting the policies and systems aimed towards reinforcing the Human Capital resource in line with strategic business priorities and provide opportunities to the employees to enhance and acquire new skills and knowledge within the Company for their career progression.

(Sgd.)

Prof. A.K.W. Jayawardane

Chairman-Remuneration Committee

8th September 2021

Report of the Board Related Party Transactions Review Committee

COMMITTEE COMPOSITION

Committee Chairman

- M.N. Gunasekera

Members

- Prof. A.K.W. Jayawardane
- Eng. B.W.N. Rupasinghe

Meetings

The committee held 05 meetings during the year of which the attendance details are given below.

Name	Attendance
M.N. Gunasekera	05/05
Prof. A.K.W. Jayawardane	05/05
Eng. B.W.N. Rupasinge	04/05

* M.N. Gunasekera resigned from the board on 05th May 2021 and P.E.A.B. Perera was appointed to the board and nominated as the Chairman of the Related Party Transactions Review Committee on 13th May 2021.

Mr. R. D. S. Malinga – Finance Manager acted as the secretary to the Committee.

Terms of Reference

The Committee is governed by the mandate approved by the Board of Directors which encompasses the Committee's purpose, duties and responsibilities. The Committee assists the Board in fulfilling its oversight responsibilities pertaining to all aspects of related party transactions in line with the listing rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka. In doing so, the Committee places emphasis on ensuring that procedures are in place to ensure that the Company does not engage in any transactions with related parties in a manner that would be more advantageous to such parties and acts in the interest of the shareholders.

KEY RESPONSIBILITIES OF THE COMMITTEE

*Ensuring the effectiveness of the mechanisms implemented for documenting related party transactions in line with LKAS 24 and CSE listing rules.

*Establishing threshold values for each transaction and making recommendations on related party transactions which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and those which require disclosure in the Annual Report.

*To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

*Obtain competent independent professional advice to assess all aspects of proposed related party transactions where necessary. Additionally, the Committee is authorized to access data and information pertaining to Related Parties as well as obtain clarifications from the Management & Auditors (External or Internal) on any associated matter.

Activities in 2020/21

The Committee reviewed all recurrent and non-recurrent related party transactions and their compliance and communicated their observations to the Board.

Committee Effectiveness

The annual evaluation of the performance of the committee was carried out by the Board and the committee was deemed to be operating effectively.

The Committee will continue to assist the Board of Directors by reviewing all related party transactions and ensuring that:

- They comply with Section 9 of the Listing Rules of the Colombo Stock Exchange.
- The Shareholder interests are safeguarded.
- They are carried out at arms-length on fair, transparent and commercial terms.

Disclosure

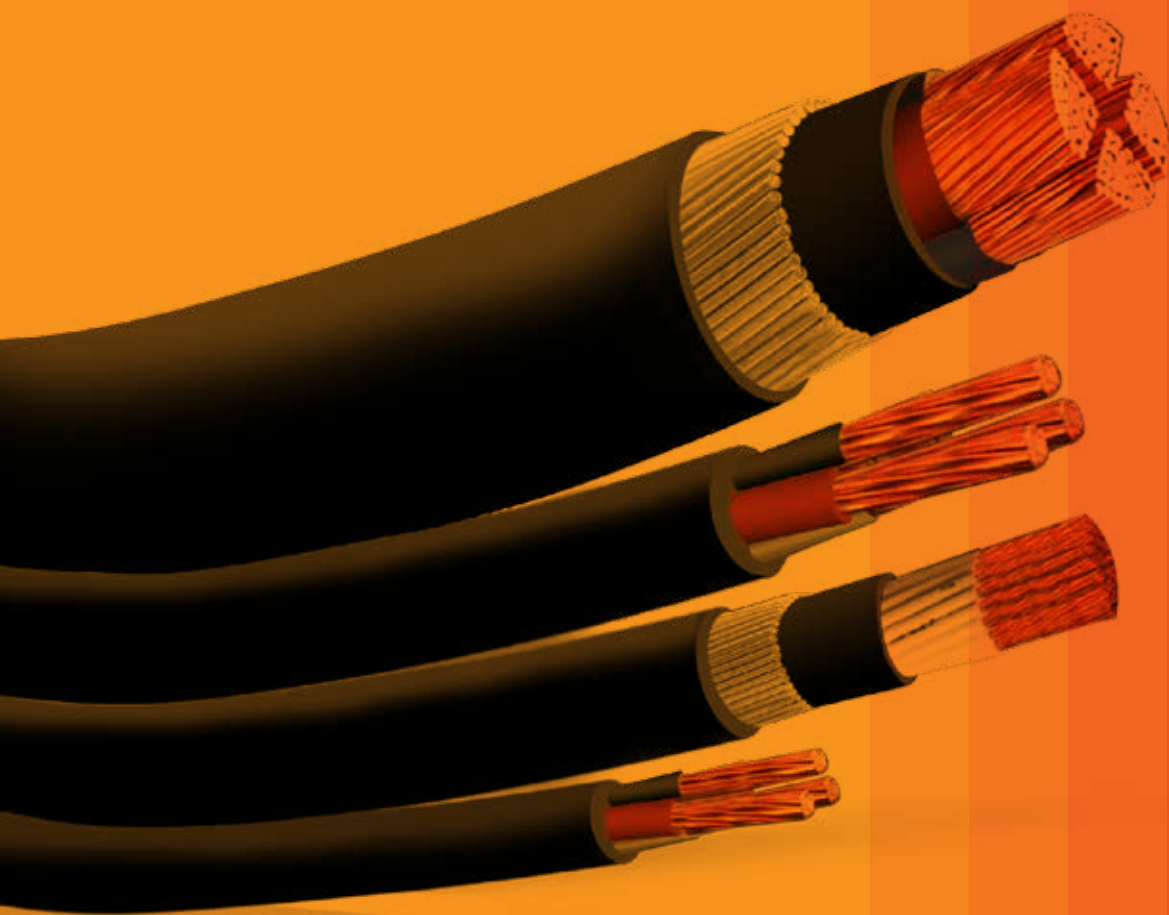
A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in Note 36 to the Financial Statements on pages 111 to 113.

(Sgd.)

P.E.A.B. Perera

Chairman-Related Party Transactions Review Committee

8th September 2021



HARNESSING OUR STRENGTHS TO DELIVER VALUE

Despite the dynamic environment we moved ahead displaying our prowess and inherent energy to generate outstanding financial performance.

Financial Calendar

Financial Year End	31st March 2021
Interim Results for Financial Year 2020/2021	
First Quarter	15th September 2020
Second Quarter	12th November 2020
Third Quarter	11th January 2021
Fourth Quarter	31st May 2021
Audited Financial Statements	
	8th September 2021
18th Annual General Meeting	
	30th September 2021

Statement of Directors' Responsibilities in Relation to Financial Reporting

Statement of Directors' Responsibilities

The Statement sets out the responsibility of the Directors, in relation to the Financial Statements of Sierra Cables PLC. The responsibilities of the External Auditors in relation to the Financial Statements were prepared in accordance with the provisions of the Companies Act No. 7 of 2007 and other statutes which are applicable to the preparation of Financial Statements are set out in the 'Auditors' Report are given on pages 64 to 65.

The Financial Statements comprise of:

A Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year; and a Statement of Comprehensive Income, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year, which comply with the requirements of the Act.

The Directors are required to ensure that, in preparing these financial statements:

- The appropriate Accounting Policies have been selected and applied in consistent manner and material departures, if any, have been disclosed and explained;
- Requirements in the Sri Lanka Accounting Standards, Companies Act No.07 of 2007 and listing rules of the Colombo Stock Exchange, have been followed;
- Judgements and estimates have been made which are reasonable and prudent.

The Directors are also required to ensure that the Company has adequate resources to contain basis in preparing the Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and of the Group, and to ensure that the Financial Statements presented comply with the requirements of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

In terms of Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Company keep proper books of account of all the transactions, prepare Financial Statements that give a true and fair view of the financial position the Company as at end of each financial year and to provide the auditors with every opportunity to take undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion of the financial performance of the Company for each financial year and place them before a general meeting.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board

(Sgd.)

P.R. Secretarial Services (Private) Limited
Secretaries

8th September 2021

Annual Report of the Board of Directors on the Affairs of Sierra Cables PLC

The Directors of Sierra Cables PLC (the Company) have the pleasure in submitting their Report together with the Audited Financial Statements of the Company and the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2021.

Principal Activities

The principal activities of the Company are the manufacturing and sale of cables, wires and conductors primarily for electrification and telecommunication purposes of the subsidiaries, has commenced civil construction work to engage in power generation to the national grid, while Sierra Industries (Private) Ltd. is engaged in the manufacturing of uPVC pipes and fittings. The two associate Companies T & G Lanka (Private) Ltd. And Tea Leaf Resort (Private) Ltd. are diversified into manufacturing of Patch Cables and the Leisure Sector, respectively.

- (1) To carry on the business of manufacturers of all kinds of cables, wires and conductors from aluminum, copper, steel or any other metal of material including insulated, sheathed and armoured cables, wires and conductors for transmitting electricity and other types of power and telecommunications and for any other persons.
- (2) To carry on the business of manufacturers of insulators, sheaths, conduits and tubes from any natural chemical or synthetic substance or any metal for the purpose of housing and protecting such cables, wires and conductors.
- (3) To carry on the business of electricians, electrical engineers and manufacturers of all kinds of machinery, equipment, and apparatus including accumulators, lamps, meters, engines, dynamos, motors, switches, plugs, adapters, regulators, fuse boxes and batteries and telecommunication apparatus and equipment of every kind.
- (4) To carry on the business of importers, exporters, wholesale & retail dealers, stockists of all kinds of raw materials, wires, cables, machinery, apparatus goods and materials of all kinds.
- (5) To carry on the business relating to the rolling, mining, casting, smelting and working of minerals, the production and working of metals and the production, manufacture and preparation of any other items which may be conveniently combined with the business of the Company.

- (6) To carry on any other business the Board of Directors of the Company may determine to be beneficial to the Company.

Review of Operations

A review of the Company's business and its performance during the financial year is contained in the Chairman's message on pages 10 to 11 and the Chief Executive Officer's report on pages 12 to 13 of the Annual Report, together with the Financial Statements which reflects the state of affairs of the Company.

Financial Statements

The completed financial statements of the Group has been duly certified by the person responsible for the preparation of the financial statements of the Company have been signed by two Directors on behalf of the Board of Directors and the Auditors and confirm the Company is in compliance with the requirements of the Companies Act No. 07 of 2007. Details are given on pages 62 to 65.

Auditors Report

The Auditor's Report on the Financial Statements is given in pages 62 to 65.

Financial Results

Group turn over was Rs 5,498,555,123 with gross profit margin of Rs. 880,957,894. The group profit before tax and after tax were Rs 337,596,894 and Rs 319,961,155 respectively.

Dividends

A dividend of Rs 0.20/- per share was paid by the Company during the year under review.

Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are given in pages 74 to 85.

Property, Plant and Equipment

An analysis of the Property, Plant and Equipment of the Company is disclosed in Note 13 of the Financial Statements on pages 90 to 95.

Stated Capital

The stated Capital of the Company as at 31st March 2021 was Rs. 894,565,898

Reserves

The group retained earnings and other reserves as at 31st March 2021 amounted to Rs 1,810,913,644.

Donations

No donations were made by the Company during the year under review.

Capital Commitments

There were no Capital Commitments as at the reporting date which require adjustments to or disclosure in the Financial Statements.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments due to relevant authorities have been made by the Company.

Contingent Liabilities

Other than the contingent liabilities disclosures in Note No. 32 of the financial statements on page 108 there were no material contingent liabilities as at the reporting date which require adjustments to or disclosure in the Financial Statements.

Post Balance Sheet Events

No circumstances have arisen since the reporting date that would require adjustment to or other disclosure in the Financial Statements.

Risk Management and Internal Control

The details of the significant risks identified by the Company and strategies and actions adopted in managing them are set out in pages 51.

Going Concern

The Directors having made an assessment of the Company's operating conditions, financial position, risks and future prospects have a reasonable expectation that the Company has adequate resources to continue its operations as a going concern in the foreseeable future.

Directors who held office during the Year

The Directors of the Company during the year were as follows.

Mr. W. A. P. Perera - Non- Executive Director

Mr. D. S. Panditha - Executive Director

Mr. E. A. D. T. B. Perera - Non- Executive Director

Ms. G. S. M. Irugalbandara - Non- Executive Director

Mr. B. W. N. Rupasinghe - Non- Executive Independent Director

Prof. A. K. W. Jayawardane - Non- Executive Independent Director

Annual Report of the Board of Directors on the Affairs of Sierra Cables PLC

Mr. M.N. Gunasekera – Non- Executive Independent Director

Ms. S.N. Lokuge - Non- Executive Director

Mr.F.A.W.Irugalandara
(Alternate Director to Mr.W.A.P.Perera)

Ms. E. A. D. T. A. Perera
(Alternate Director to Mr.E.A.D.T.B.Perera)

Appointments during the year

Nil

Resignations during the year

Nil

Appointments after the conclusion of the year

- Ms. E.A.D.T.A. Perera, was appointed to the Board on 13th May 2021
- Mr.P.E.A.B. Perera was appointed to the Board on 13th May 2021

Resignations after the conclusion of the year

- Mr. E. A. D. T. B. Perera, Non-Executive Director passed away on the 05th May 2021
- Mr. M.N. Gunasekera a Non-Executive Independent Director resigned from the Board with effect from 05th May 2021.
- Ms. E.A.D.T.A. Perera, Alternate director to Mr. E.A.D.T.B. Perera Ceased from Board with effect from 05th May 2021.

Directors who held office as at the end of the Accounting period

Mr. W. A. P. Perera

Mr. D. S. Panditha

Mr. E. A. D. T. B. Perera

Ms. G. S. M. Irugalbandara

Mr. B. W. N. Rupasinghe

Prof. A. K. W. Jayawardane

Mr. M. N. Gunasekera

Ms. S. N. Lokuge

Mr.F.A.W.Irugalandara
(Alternate Director to Mr.W.A.P.Perera)

Ms. E. A. D. T. A. Perera
(Alternate Director to Mr.E.A.D.T.B.Perera)

Directors retiring (at the Annual General Meeting)

- To re-elect Mr. B.W.N. Rupasinghe who retire by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offer himself for re-election.
- To re-elect Prof. A.K.W. Jayawardane who retire by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offer himself for re-election.
- To re-elect Ms. E.A.D.T.A. Perera, who was appointed to the Board on 13th May 2021 is to retire in terms of Articles 97 of the Articles of Association Company and being eligible, offers herself for re-election.
- To re-elect Mr. P.E.A.B. Perera, who was appointed to the Board on 13th May 2021 is to retire in terms of Articles 97 of the Articles of Association Company and being eligible, offers himself for re-election

Corporate Governance

The Board of Directors confirm that the Company is compliant with section 7.10 of the Listing Rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations Committee function as board

sub committees with Directors who possess the requisite qualifications and experience. The composition of the said committees are as follows.

Audit Committee

Mr. M.N. Gunasekera - Chairman

Prof. A.K.W. Jayawardane - Member

Eng. B.W.N. Rupasinghe - Member

Remuneration Committee

Prof. A.K.W. Jayawardane - Chairman

Eng. B.W.N. Rupasinghe - Member

Mr. M.N. Gunasekera - Member

Related Party Transactions Review Committee

Mr. M.N. Gunasekera - Chairman

Prof. A.K.W. Jayawardane - Member

Eng. B.W.N. Rupasinghe - Member

Nominations committee

Mr. W.A.P.Perera - Chairman

Prof. A.K.W. Jayawardane - Member

Mr. M. N. Gunasekera - Member

Directors' Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 7 of 2007. The Directors have made declarations and disclosed their interests to the Board and those interests are recorded in the interests register as provided for in Section 192(2) of the Companies Act No. 7 of 2007.

Directors Remuneration and Other Benefits of Directors

Directors' remuneration in respect of the Company for the financial year 2020/21 is given in Note 7 to the Financial Statements on page 86.

Directors' Interest In Shares

Name	No. of Shares as at 31st March 2021	No. of Shares as at 31st March 2020
Mr. D S Panditha	17,601,297	17,601,297
Mr. W A P Perera	3,920,510	3,920,510
Ms. G S M Irugalbandara	1,709,800	1,709,800
Ms. S N Lokuge	-	100,000
Mr. E A D T B Perera	10	10
Prof. A K W Jayawardane	-	-
Mr. B W N Rupasinghe	-	-
Mr. M N Gunasekera	-	-
Mr. F A W Irugalbandara (Alternate Director)	200,010	200,010
Ms. E A D T A Perera (Alternate Director)	-	-
	23,431,627	23,531,627

Directors' Interest In Contracts

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in Note 36.2 on pages 115 of the Financial Statements.

Shareholders Information

The distribution and analysis of shareholdings were as follows;

Shareholding From -To	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1000	13,929	12,406,708	2.31%	13,897	12,513,662	2.33
1,001-10,000	6,478	15,750,128	2.93%	6,419	15,138,597	2.82
10,001-100,000	919	28,257,096	5.26%	916	30,863,604	5.74
100,001-1,000,000	130	36,876,001	6.86%	200	57,778,586	10.75
1,000,001-10,000,000	18	444,222,497	82.64%	24	421,217,981	78.36
Total	21,474	537,512,430	100.00%	21,456	537,512,430	100.00

	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	21,432	533,063,103	99.17	21,406	531,095,160	98.81
Non-Resident	42	4,449,327	0.83	50	6,417,270	1.19
Total	21,474	537,512,430	100	21,456	537,512,430	100

	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	21,210	110,729,588	26.48	21,178	142,334,546	26.48
Institutional	264	426,782,842	73.52	278	395,177,884	73.52
Total	21,474	537,512,430	100	21,456	537,512,430	100

Public Shareholding

The percentage of public shareholding as at the 31st of March 2021 was 37.53%

The Auditors Messrs KPMG, Chartered Accountants were paid Rs. 1,400,000 (2019/20 Rs. 1,300,000) as Audit fees by the Company.

A resolution relating to their reappointment and authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The notice of the Annual General Meeting is on page 129.

By Order of the Board

Auditors

The Financial Statements for the year ended 31st March 2021 have been audited by Messrs KPMG, (Chartered Accountants) who offer themselves for reappointment. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

(Sgd.)
Mr. W. A. P. Perera
Chairman/ Director

(Sgd.)
Mr. D. S. Panditha
Executive Director

(Sgd.)
P.R. Secretarial Service (Private) Limited
Secretaries

8th September 2021

Independent Auditor's Report



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

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To the Shareholders of Sierra Cables PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sierra Cables PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the income statement, 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 a summary of significant accounting policies and other explanatory information set out on pages 66 to 123 of the Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2021, 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 in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. 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 financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Inventories

Refer Note 20 to the Financial Statements and the Accounting Policies in Note 3.8 to the Financial Statements.

Risk Description	Our Responses
<p>The Company and Group recorded inventories of Rs. 1.639 Bn and Rs. 1.743 Bn respectively as at 31st March 2021 at lower of cost and net realizable value.</p> <p>The Company and Group has significant amount of inventories and judgment is exercised with regard to categorisation of inventories as obsolete and / or slow moving to be considered for provision/ write off; estimates are then involved in arriving at the amount to be provided/ written off, against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realisable value.</p> <p>Given the level of judgements and estimates involved, this is considered to be a Key Audit Matter.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> ● Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key controls over inventory valuation and controls designed to identify slow moving and obsolete inventories. ● Comparison of inventory levels, by product group, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified and challenge the categorisation as obsolete or slow moving. ● On sample basis, physically verify the inventories and we challenged the inventory provisioning in line with our observations of potentially obsolete inventory. ● Performing roll backward to ensure the movements between the physical verification and inventories as at reporting date are accurate. ● On sample basis, assessing the realisations of inventories after the period end, in particular of clearance categories, and compare these to the expected recoveries with the cost to identify any instances of NRV is lower than cost. Re-performing the inventory aging reports to ensure the accuracy of the age classification of inventories. ● Assessing the amount of provision and written off in the ledger to ensure the financial statements are in line with the Company accounting policies. ● Assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory write off.



Impairment of Trade Receivables

Refer Note 21 to the Financial Statements and the Accounting Policies in Note 3.10 to the Financial Statements.

Risk Description	Our Responses
<p>The Company and Group Company recorded trade receivable balance (net of impairment) of Rs. 2.084 Bn and Rs. 2.329 Bn respectively as at 31st March 2021.</p> <p>The determination of impairment provision using the expected credit loss model is subject to a number of key parameters and assumptions, estimates of probability of default, loss given default, macroeconomic forecasts, exposures at default and discount rate, adjustments for forward looking information and other adjustment factors. In particular, the determination of the impairment provision is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. Management judgement is involved in the selection of those parameters and the application of assumptions. Further the recoverability of trade receivables remains one of the most significant judgments made by the management particularly in light of the uncertain economic outlook in Sri Lanka as at the reporting date due to the potential impact of the Covid-19 outbreak.</p> <p>We identified the impairment of trade receivables as a Key Audit Matter because of the inherent uncertainty and management judgement involved and the materiality of the reported amounts for trade receivables (and impairment provision thereof).</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the approval, recording and monitoring of trade receivables and the measurement of provisions for impairment. Assessing the reliability of the expected credit loss model used by management pursuant to the COVID 19 outbreak in determining impairment provisions, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments and assessing the reasonableness of key management judgement; Evaluating the model methodology and key assumptions by testing the completeness and accuracy of key inputs into models and assessed the appropriateness of other assumptions. We substantially tested the completeness and accuracy of key inputs into models and assessed the appropriateness of assumptions. Recalculating the amount of impairment for samples of trade receivables to verify the calculation accuracy of the impairment provision. Involving our IT specialists to assess the logic and compilation of the age report of trade receivables. Evaluating whether the disclosures on impairment of trade receivables meet the disclosure requirements of the prevailing accounting standards.

Impairment of Investment in Equity Accounted Investees

Refer Note 18 to the Financial Statements and the Accounting Policies in Note 3.2.5 to the Financial Statements.

Risk Description	Our Responses
<p>The Company recorded its investment in equity accounted investee at cost of Rs. 31.6 Mn as at 31st March 2021. The equity accounted investee recorded a profit during the year under review. However, due to losses incurred in the previous years, the total liabilities of the equity accounted investee exceeded its total assets as at the reporting date.</p> <p>The identification of impairment events and the determination of the impairment charge require the application of significant judgment by management. Accordingly, the Company performed an impairment assessment on the cash generating units ("CGUs") relating to the equity accounted investees, which had an indication of impairment. The Company estimated the recoverable amounts of the CGUs based on its value in use ("VIU") and where it is difficult to plot cash flows, the Company has used adjusted net asset value as a reasonable estimation of the fair value. Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate. When determining the cash inflows and outflows the Company had to also estimate long term growth rates.</p> <p>We identified this as a Key Audit Matter as the VIU determined using discounted cash flows and adjusted net asset values are complex and involves significant management judgement and estimates which could be subject to management bias.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> Assessing cash flow forecast prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates. Testing the mathematical accuracy of the underlying calculations in the discounted cash flow valuation models. With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions in the valuation models. Assessing the adequacy of disclosures in the financial statements.

Independent Auditor's Report



Valuation of Freehold Land and Building

Refer Note 13 to the Financial Statements and the Accounting Policies in Note 3.4 to the Financial Statements.

Risk Description	Our Responses
<p>The Company and Group recorded its land and buildings classified under Property, Plant & Equipment at fair value of Rs. 1.076 Bn and 1.326 Bn respectively as at the reporting date.</p> <p>The management's assessment of fair value of its land and buildings is based on valuations performed by a qualified independent property valuer in accordance with recognised industry standards.</p> <p>Valuation of land and buildings is considered a Key Audit Matter due to the subjective nature of property valuations using level 3 assumptions which depend on the nature of property, its location and value per square foot, market price per perch and capitalisation rates. A change in the key assumptions will have a significant impact to the valuation.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> Assessing the objectivity, independence, competence and qualification of the property valuer engaged by the Group and challenging the methodology adopted and assumptions used. With the assistance of our own internal property valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the properties and comparing the fair value of properties with evidence of current market values. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards. On sample basis, testing of data inputs underpinning the valuation such as the price per perch, price per square foot and the area extent against our knowledge of the business and industry, to assess the accuracy, reliability and completeness thereof. Assessing the adequacy of the disclosures in the financial statements in relation to fair value of land and building

Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required



to draw attention in our auditor's report to the related disclosures in the 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this Independent Auditor's Report is 1224.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

8th September 2021

Income Statement

For the year ended 31st March	Note	Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Revenue	5	5,498,555,123	5,563,252,957	5,254,615,046	4,927,034,259
Cost of Sales		(4,617,597,229)	(4,616,571,793)	(4,395,857,829)	(4,073,555,891)
Gross Profit		880,957,894	946,681,164	858,757,217	853,478,368
Other Income	6	79,604,614	31,059,166	78,843,415	36,820,041
Selling and Distribution Expenses		(243,070,422)	(296,574,720)	(268,225,400)	(274,347,016)
Administrative Expenses		(167,034,372)	(162,170,189)	(109,379,840)	(121,554,873)
Other Operating Expenses		(55,053,596)	(43,396,881)	(81,161,805)	(77,292,214)
Impairment of Investment in Subsidiaries		-	-	-	(56,833,561)
Profit from Operations	7	495,404,118	475,598,540	478,833,587	660,270,746
Finance Income	8.1	944,690	1,728,275	911,158	1,093,167
Finance Cost	8.2	(173,853,259)	(221,356,155)	(152,360,338)	(180,211,200)
Net Finance Costs	8	(172,908,569)	(219,627,880)	(151,449,180)	(179,118,033)
Share of Profit of Equity-Accounted Investees, (Net of Tax)	18	15,101,345	8,328,570	-	-
Profit Before Taxation		337,596,894	264,299,230	327,384,407	181,152,713
Income Tax Expense	9	(17,635,739)	(35,540,544)	(30,891,880)	(30,615,278)
Profit from Continuing Operations		319,961,155	228,758,686	296,492,527	150,537,435
Discontinued Operation					
Profit/Loss from Discontinued Operations	12	-	-	-	-
Profit for the Year		319,961,155	228,758,686	296,492,527	150,537,435
Profit/(Loss) Attributable to :					
Owners of the Company		323,018,593	229,621,599	296,492,527	150,537,435
Non - Controlling Interests		(3,057,438)	(862,913)	-	-
Profit for the Year		319,961,155	228,758,686	296,492,527	150,537,435
Basic Earnings Per Share	10	0.60	0.43	0.55	0.28

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes to these Financial Statements set out on pages 74 to 123 of the Annual Report.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Profit / (Loss) for the Year	319,961,155	228,758,686	296,492,527	150,537,435
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Revaluation Surplus on Land & Building	544,391,443	-	463,021,043	-
Deferred Tax Impact on Revaluation Surplus of Land & Building	(63,563,284)	-	(54,052,122)	-
Actuarial Gain/(Loss) on Defined Benefit Obligation	(1,910,559)	(20,443)	(1,910,559)	(20,443)
Deferred Tax Impact on Actuarial Gain/ (Loss)	342,898	5,724	342,898	5,724
Equity Investments at FVOCI - Net Change in Fair Value	8,465,160	(4,860,746)	8,465,160	(4,860,746)
Items that are or may be reclassified to profit or loss				
Foreign Operations- Foreign Currency Translation Difference	(3,785,971)	1,161,115	-	-
Other Comprehensive Income for the Year, Net of Tax	483,939,688	(3,714,350)	415,866,620	(4,875,465)
Total Comprehensive Income for the Year	803,900,843	225,044,336	712,358,947	145,661,970
Total Comprehensive Income Attributable to :				
Owners of the Company	800,479,043	225,849,194	712,358,947	145,661,970
Non - Controlling Interests	3,421,800	(804,858)	-	-
Total Comprehensive Income for the Year	803,900,843	225,044,336	712,358,947	145,661,970

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes to these Financial Statements set out on pages 74 to 123 of the Annual Report.

Consolidated Statement of Financial Position

As at 31st March	Note	Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	13	1,942,237,591	1,464,116,282	1,470,560,214	1,055,022,875
Intangible Assets	14	2,555,545	4,563,257	2,555,545	4,563,257
Right-of-Use Assets	15	2,528,281	3,695,474	2,528,281	3,695,474
Investment Property	16	-	-	-	-
Investments in Subsidiaries	17	-	-	89,876,892	89,876,892
Investment in Equity Accounted Investees	18	32,575,952	17,474,607	31,610,163	31,610,163
Other Non-Current Assets	19	29,017,194	20,402,447	29,017,194	20,402,447
Total Non-Current Assets		2,008,914,563	1,510,252,067	1,626,148,289	1,205,171,108
Current Assets					
Inventories	20	1,742,847,403	1,417,054,711	1,639,488,164	1,263,392,936
Trade and Other Receivables	21	2,651,711,150	1,816,116,446	2,303,895,982	1,453,763,168
Derivative Financial Assets	21	24,909,645	2,479,949	24,909,645	2,479,949
Income Tax Recoverable		-	1,681,791	-	-
Amounts due from Related Companies	22	96,053,049	109,133,981	308,238,809	385,612,714
Loan Receivable	22.1	-	-	34,616,300	119,616,300
Cash and Cash Equivalents	23	125,559,042	41,471,530	123,496,141	20,063,915
Total Current Assets		4,641,080,289	3,387,938,408	4,434,645,041	3,244,928,982
Assets Classified as Held for Sale	12	-	-	-	-
Total Assets		6,649,994,852	4,898,190,475	6,060,793,330	4,450,100,090
EQUITY AND LIABILITIES					
Equity					
Stated Capital	24.1	894,565,898	894,565,898	894,565,898	894,565,898
Revaluation Reserve	24.2	1,012,847,327	538,687,705	918,607,356	509,638,435
Fair Value Reserve	24.3	17,377,668	8,912,507	17,377,668	8,912,507
Foreign Currency Translation Reserve	24.4	9,024,997	12,621,670	-	-
Retained Earnings		771,663,652	557,715,206	738,683,407	551,261,028
Total Equity Attributable to Equity Holders of the Company		2,705,479,542	2,012,502,986	2,569,234,329	1,964,377,868
Non-Controlling Interest	17	12,900,438	9,478,637	-	-
Total Equity		2,718,379,980	2,021,981,623	2,569,234,329	1,964,377,868
Non-Current Liabilities					
Retirement Benefit Obligations	25	64,392,757	54,057,974	63,168,477	53,063,399
Deferred Tax Liabilities	26	204,657,526	207,704,606	168,202,891	167,504,991
Term Loans Due After One Year	27	142,094,560	113,244,086	60,526,308	75,000,000
Lease Liabilities Due After One Year	28	485,415	1,478,290	485,415	1,478,290
Total Non-Current Liabilities		411,630,258	376,484,956	292,383,091	297,046,680

As at 31st March		Group		Company	
		2021	2020	2021	2020
	Note	Rs.	Rs.	Rs.	Rs.
Current Liabilities					
Trade and Other Payables	29	2,049,390,480	1,435,904,330	1,878,183,861	1,304,657,419
Term Loans Due Within One Year	27	74,612,460	210,561,719	7,894,740	179,749,998
Lease Liabilities Due Within One Year	28	1,508,430	2,223,230	1,508,430	2,223,230
Amounts due to Related Companies	30	1,205,467	52,777	504,594	30,666
Import Demand Loans	31	1,222,117,705	650,751,568	1,222,117,705	586,857,627
Income Tax Payable		38,450,140	13,807,189	41,246,703	13,807,189
Bank Overdraft	23	132,699,932	186,423,083	47,719,877	101,349,413
Total Current Liabilities		3,519,984,614	2,499,723,896	3,199,175,910	2,188,675,542
Total Liabilities		3,931,614,872	2,876,208,852	3,491,559,001	2,485,722,222
Total Equity and Liabilities		6,649,994,852	4,898,190,475	6,060,793,330	4,450,100,090
Net Asset Value per Share		5.03	3.74	4.78	3.65

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes to these Financial Statements set out on pages 74 to 123 of the Annual Report.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.

(Sgd.)

R.D.S Malinga

Finance Manager

The Board of Directors is responsible for the preparation and presentation of the Financial Statements.

Approved and signed for and on behalf of the Board of Directors.

(Sgd.)

Priyantha Perera

Chairman

(Sgd.)

Shamendra Panditha

Executive Director

8th September 2021

Colombo

Statement of Changes in Equity

For the year ended 31st March Group	Attributable to Owners of the Company							
	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2019	894,565,898	541,782,183	11,518,612	13,773,252	325,013,848	1,786,653,793	10,283,494	1,796,937,287
Profit / (Loss) for the Year	-	-	-	-	229,621,599	229,621,599	(862,913)	228,758,686
Other Comprehensive Income								
Equity Investments at FVOCI - Net Change in Fair Value	-	-	-	(4,860,745)	-	(4,860,745)	-	(4,860,745)
Actuarial Gain on Retirement Benefit Obligation, Net of Tax	-	-	-	-	(14,719)	(14,719)	-	(14,719)
Net exchange differences on translation of foreign operations	-	-	1,103,058	-	-	1,103,058	58,056	1,161,114
Revaluation reversal of Investment Property	-	(3,094,478)	-	-	3,094,478	-	-	-
Total Comprehensive Income for the Year	-	(3,094,478)	1,103,058	(4,860,745)	232,701,358	225,849,192	(804,857)	225,044,336
Balance as at 31st March 2020	894,565,898	538,687,705	12,621,670	8,912,507	557,715,206	2,012,502,986	9,478,637	2,021,981,623
Balance as at 1st April 2020	894,565,898	538,687,705	12,621,670	8,912,507	557,715,206	2,012,502,986	9,478,637	2,021,981,623
Profit / (Loss) for the Year	-	-	-	-	323,018,593	323,018,593	(3,057,438)	319,961,155
Other Comprehensive Income								
Equity Investments at FVOCI - Net Change in Fair Value	-	-	-	8,465,160	-	8,465,160	-	8,465,160
Actuarial Gain on Retirement Benefit Obligation, Net of Tax	-	-	-	-	(1,567,661)	(1,567,661)	-	(1,567,661)
Revaluation Surplus on Land & Building - Net of Tax	-	474,159,622	-	-	-	474,159,622	6,668,537	480,828,159
Net exchange differences on translation of foreign operations	-	-	(3,596,673)	-	-	(3,596,673)	(189,299)	(3,785,971)
Total Comprehensive Income for the Year	-	474,159,622	(3,596,673)	8,465,160	321,450,932	800,479,041	3,421,801	696,398,357
Transaction with Owners of the Group								
Interim Dividend Paid 2019/2020	-	-	-	-	(107,502,486)	(107,502,486)	-	(107,502,486)
Total Transaction with Owners of the Group	-	-	-	-	(107,502,486)	(107,502,486)	-	(107,502,486)
Balance as at 31st March 2021	894,565,898	1,012,847,327	9,024,997	17,377,668	771,663,652	2,705,479,542	12,900,438	2,718,379,980

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes to these Financial Statements set out on pages 74 to 123 of the Annual Report.

Company	Stated Capital	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2019	894,565,898	512,732,913	13,773,252	397,643,834	1,818,715,897
Profit for the Year	-	-	-	150,537,435	150,537,435
Other Comprehensive Income					
Equity Investments at FVOCI - Net Change in Fair Value	-	-	(4,860,745)	-	(4,860,745)
Actuarial Loss on Retirement Benefit Obligation, Net of Tax	-	-	-	(14,719)	(14,719)
Revaluation reversal of Investment Property	-	(3,094,478)	-	3,094,478	-
Total Comprehensive Income for the Year	-	(3,094,478)	(4,860,745)	153,617,194	145,661,971
Balance as at 31st March 2020	894,565,898	509,638,435	8,912,507	551,261,028	1,964,377,868
Balance as at 1st April 2020	894,565,898	509,638,435	8,912,507	551,261,028	1,964,377,868
Profit for the Year	-	-	-	296,492,527	296,492,527
Other Comprehensive Income					
Equity Investments at FVOCI - Net Change in Fair Value	-	-	8,465,160	-	8,465,160
Revaluation Surplus on Land & Building - Net of Tax	-	408,968,921	-	-	408,968,921
Actuarial Loss on Retirement Benefit Obligation, Net of Tax	-	-	-	(1,567,661)	(1,567,661)
Total Comprehensive Income for the Year	-	408,968,921	8,465,160	294,924,866	712,358,947
Transaction with Owners of the Company					
Interim Dividend Paid 2019/2020	-	-	-	(107,502,486)	(107,502,486)
Total Transaction with Owners of the Company	-	-	-	(107,502,486)	(107,502,486)
Balance as at 31st March 2021	894,565,898	918,607,356	17,377,668	738,683,407	2,569,234,329

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes to these Financial Statements set out on pages 74 to 123 of the Annual Report.

Cash Flow Statement

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities				
Profit Before tax from continuing operations	337,596,894	264,299,230	327,384,407	181,152,713
Adjustments for:				
Depreciation	143,710,678	125,032,099	99,210,895	81,159,192
Amortization of Intangible Assets	2,007,713	2,111,594	2,007,713	2,111,594
Provision for Impairment of Trade Receivables	45,905,167	80,948,505	44,013,447	72,809,615
Provision for Impairment of Related Party Receivable	1,797,790	2,150,996	66,194,050	46,399,057
Gain on Disposal of Property, Plant and Equipment	-	(34,500)	-	(34,500)
Share of Profit of Equity-Accounted Investees, (Net of Tax)	(15,101,345)	(8,328,570)	-	-
Provision for Impairment of Subsidiary	-	-	-	56,833,561
Write-back of Creditors no longer payable	(118,079)	(95,700)	-	-
Loss on Disposal of Investment Property	-	2,500,000	-	2,500,000
Provision for Impairment of Inventories	13,387,010	115,648,820	13,130,445	115,648,820
Right of Use Assets - Depreciation	1,532,938	1,589,891	1,532,938	1,589,891
Provision for Impairment of Other Receivables	1,405,346	-	1,405,346	-
Provision for Employee Benefit Obligation	11,261,475	10,040,220	10,930,268	9,697,632
Interest Expense	130,540,664	161,961,310	115,109,946	124,405,317
Interest Income	(559,807)	(1,130,041)	(526,275)	(494,934)
Dividend Income	(384,883)	(598,233)	(384,883)	(598,233)
Operating Profit Before Working Capital Changes	672,981,562	756,095,621	680,008,297	693,279,726
(Increase)/Decrease in Inventories	(339,179,702)	44,336,172	(389,225,673)	(165,702,796)
(Increase)/Decrease in Trade and Other Receivables	(905,334,914)	152,099,083	(917,981,303)	4,984,015
(Increase)/Decrease in Dues from Related Parties	11,283,141	(4,822,654)	11,179,854	(74,068,733)
Increase/(Decrease) in Trade and Other Payables	613,604,229	(249,703,580)	573,526,446	(48,562,550)
Increase/(Decrease) in Dues to Related Parties	1,152,690	(1,984,441)	473,928	15,838
Cash Generated from Operations	54,507,006	696,020,201	(42,018,453)	409,945,500
Interest Expense Paid	(130,089,584)	(161,382,155)	(114,658,866)	(123,926,162)
Income Tax Paid	(57,578,462)	(31,405,724)	(56,463,690)	(27,088,479)
Retirement Benefit Paid	(2,837,250)	(1,357,705)	(2,735,750)	(1,357,705)
Net Cash from/(Used in) Operating Activities	(135,995,291)	501,874,617	(215,876,759)	257,573,155
Cash Flows from Investing Activities				
Interest Income Received	559,807	1,130,041	526,275	494,934
Dividend Received from FVOCI Investment	235,296	483,528	235,296	483,528
Acquisition of Property, Plant and Equipment	(85,296,732)	(144,677,198)	(51,727,191)	(138,920,608)
Proceeds from Disposal of Property, Plant and Equipment	-	34,500	-	34,500
Proceed from Disposal of Investment Property	-	2,000,000	-	2,000,000
Recovery of Loan from Related Party	-	-	85,000,000	-
Net Cash From/(Used In) Investing Activities	(84,501,629)	(141,029,128)	34,034,380	(135,907,646)

For the year ended 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cash Flows from Financing Activities				
Proceeds from Interest-Bearing Borrowings	3,295,467,997	2,733,229,712	3,168,422,997	2,654,150,403
Repayment of Interest-Bearing Borrowings	(2,840,805,611)	(3,031,198,708)	(2,719,491,870)	(2,782,694,536)
Repayment of Finance Lease Obligations	(2,524,500)	(2,163,000)	(2,524,500)	(2,163,000)
Dividend Paid	(107,502,486)	-	(107,502,486)	-
Net Cash Flows Generated From/(Used In) Financing Activities	344,635,400	(300,131,996)	338,904,142	(131,707,134)
Net Increase/ (Decrease) in Cash and Cash Equivalents	124,135,480	60,713,493	157,061,763	(9,041,626)
Effect of movement in exchange rates	13,675,182	(1,402,821)	-	-
Cash and Cash Equivalents at the Beginning of the Year	(144,951,552)	(204,262,224)	(81,285,499)	(72,243,873)
Cash and Cash Equivalents at the End of the Year	(7,140,890)	(144,951,553)	75,776,264	(81,285,499)
Analysis of Cash & Cash Equivalents				
Cash in Hand and at Bank	125,559,042	41,471,530	123,496,141	20,063,915
Bank Overdraft	(132,699,932)	(186,423,083)	(47,719,877)	(101,349,413)
	(7,140,890)	(144,951,553)	75,776,264	(81,285,499)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes to these Financial Statements set out on pages 74 to 123 of the Annual Report.

Accounting Policies

1. REPORTING ENTITY

1.1 Domicile and Legal Form

Sierra Cables PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at 112, Havelock Road, Colombo 05 and principal place of business is located at 39/1A, Galwarusawa Road, Korathota, Kaduwela.

The consolidated Financial Statements of the Company as at and for the year ended 31st March 2021 comprise the Financial Statements of the Company and its subsidiaries (together referred as the "Group" individually as Group entities) and the Group's interest in equity accounted investees.

The ultimate parent Company of the Company is Sierra Holding (Private) Limited, a company domiciled in Sri Lanka.

1.2 Principal activities and nature of operations

The principal activity of the Company is manufacture and sale of wires and cables. The principal activities of the Company's subsidiaries are as follows:

Sierra Industries (Private) Limited - Manufacturing all types of pipes and fittings and manufacturing any type of construction materials required for infrastructure development.

Sierra Cables East Africa Limited - Manufacture of power transmission cables.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated Financial Statements of the Group and the separate Financial Statements of the Company, which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes to the Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards

(SLFRSs/LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of Companies Act No. 07 of 2007.

2.2 Approval of financial statements by Directors

The Financial Statements of the Group and the Company for the year ended 31st March 2021 were approved and authorised for issue by the Board of Directors on 8th September 2021.

2.3 Basis of Measurement

The Financial Statements of the Group and the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

- Fair value through other comprehensive income Financial assets are measured at fair value;
- Defined benefit obligations is carried at the present value of the defined benefit obligations
- Land and buildings are measured at cost at the time of acquisition and subsequently at revalued amounts, which are the fair values at the date of revaluation
- Recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

2.4 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group. The Financial Statements are prepared on the going concern basis.

2.5 Reporting date

The Financial Statements of all Companies in the group are prepared for a common financial year, which

ends on 31st March except for Sierra Cables East Africa Limited, T & G Lanka (Private) Limited and Cables PTE Ltd whose financial year ends on 31st December and 30th June respectively.

2.6 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

2.7 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards 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 estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is provided in the following notes.

Judgements and Assumptions

- Equity accounted investees - whether the Group has significant influence over an investee.
- Measurement of defined benefit obligation: key actuarial assumptions
- Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised
- Impairment on trade receivable: Measurement of ECL allowance for trade receivables and amounts due from

related parties classified as amortised cost; key assumptions in determining the weighted average loss rate.

- The ongoing COVID – 19 pandemic: The ongoing COVID – 19 pandemic has increased the estimation uncertainty in the preparation of these Financial Statements. The estimation uncertainty is associate with:
 - The extent and the duration of the expected economic downturn (and forecasts for key economic factors including GDP). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, impact on unemployment and decline in consumer discretionary spending.

2.8 Fair Value

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. When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 :quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 :inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 :inputs for the asset or liability that are not based on observable market data (unobservable inputs) If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level

input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

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 by the Group.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in Significant accounting policies

The Company has consistently applied the Accounting Policies as set out in Notes 3.1 to 3.23 on pages 75 to 85 to all periods presented in these Financial Statements.

New and amended standards and interpretations

A number of amendments to Accounting Standards, which are effective for annual periods beginning on or after April 1, 2020 but they do not have material effect on the Company's Financial statements.

The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but not effective.

Amendments to LKAS 1 and LKAS 8: Definition of Material

In November 2018, the CA Sri Lanka issued amendments to LKAS 1 and Sri Lanka Accounting Standard – LKAS 8 on "Accounting Policies, Changes in Accounting Estimates and Errors" to align the definition of 'material' across the standards and to clarify certain aspects of the term 'definition'. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.' These amendments had no impact on the Company Financial Statements of, nor is there expected to be any future impact.

Amendments to the conceptual framework for financial reporting

CA Sri Lanka issued a revised Conceptual Framework which included some new concepts, updated definitions and recognition criteria for assets and liabilities and clarified some important concepts. Key changes include:

- New 'bundles of rights' approach to assets
- New 'practical ability' approach for recognising liabilities
- New control-based approach to derecognition

These amendments had no impact on the financial statements of the Company

Accounting Policies

Amendments to SLFRS 03

Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

3.2 Basis of consolidation

3.2.1 Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

As required by SLFRS 3 - Business Combinations and amendments to the SLFRS 3, when the Group acquires a business, it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions that exists as at the acquisition date. The Group applies Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

3.2.2 Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

3.2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

3.2.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity-accounted investee or as an fair value through other comprehensive income financial asset depending on the level of influence retained.

3.2.5 Interest in equity-accounted investees

The Group's interest in equity-accounted investees comprise interest in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated Financial Statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

3.2.6 Intra-group transactions

Pricing policies of all intra-group sales are identical to those adopted for normal trading transactions, which are at market prices.

3.2.7 Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group

transactions, are eliminated in preparing the consolidated Financial Statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

3.3 Foreign currency

3.3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance cost.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income.

- An investment in equity securities designated as at FVOCI.
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, and
- Qualifying cash flow hedges to the extent the hedges are effective.

3.3.2 Foreign operations

The results and financial position of overseas operations that have functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the rates of exchange ruling as at the Reporting date.

Income and expenses are translated at the average exchange rate for the period.

The exchange differences arising on translation for consolidation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (Translation Reserve), which is a separate component of equity, except to the extent that the translation difference is allocated to the NCI.

When a foreign operation is disposed of such that the control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount of the translation reserve is reattributed to NCI.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation.

3.4 Property, Plant and Equipment

3.4.1 Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ

materially from their fair values at the reporting date.

Subsequent to the initial recognition of the asset at cost, the revalued property, plant and equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses. The Group applies revaluation model to land, building and cost model to the remaining assets under property, plant and equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use and capitalised borrowing costs. This also includes cost of dismantling and removing the items and restoring in the site on which they are located. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3.4.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Accounting Policies

3.4.3 De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognised within other income in profit or loss.

3.4.4 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Building	20-25	4-5
Plant and Machinery	10-20	5-10
Factory Equipment	5	20
Furniture Fittings	5	20
Motor Vehicles	5	20
Offices and Computer Equipment	5	20

Depreciation of an asset begins when it is available for use where as depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.4.5 Revaluation policy

The Group's land and buildings are revalued with sufficient regularity once in three years. The revaluation surplus is accounted in the revaluation reserve.

3.4.6 Reclassification to investment property

When the use of property changes from owner occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it is reverse a previous impairment loss on the specific property, with any remaining gain recognised OCI and presented in the revaluation reserve.

Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in OCI and reduced the revaluation surplus within equity.

3.5 Intangible Assets and Goodwill

3.5.1 Intangible assets

An intangible asset is recognised if it is probable that economic benefits are attributable to the assets will flow to the Group and cost of the assets can be measured reliably and carried at cost less accumulated amortisation and accumulated impairment losses.

3.5.1.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 3.2.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.5.1.2 Computer software

All computer software cost incurred, which are not an integral part of the related hardware, which can be clearly identified, reliably

measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives from the

date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Asset Category	Useful Life (Years)	Depreciation Rate (%)
Computer Software	05	20

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration

3.6.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.6.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Group's Right-of-use assets are included in Note 28 to the Financial Statements.

3.6.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Note 28 to the Financial Statements.

3.6.1.3 Short-Term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low value assets recognition exemption to leases that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.7 Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, used in the production or supply of goods or services for administrative purposes.

Investment property is recognised, if it is probable that future economic benefits that are associated with the investment property, will flow to the Group and cost of the investment property can be reliably measured.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and directly attributable expenditure, the cost of the self-constructed investment property is its cost at the date of when the construction or development is completed. The Group applies the cost model for investment properties in accordance with LKAS 40- "Investment property."

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating

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capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

Raw materials

- At actual cost, on Weighted Average basis

Finished goods and work-in-progress

- At actual cost, on Weighted Average for work in progress and finished goods

3.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine

whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an assets or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets 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 or CGUs.

Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on pro rata basis. An impairment loss in

respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the assets 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.

3.10 Financial instruments

3.10.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability 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.

3.10.2 Classification and subsequent measurement

Financial assets 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 Group 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 designed 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.

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group 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.

Financial assets - Business model assessment

The Group 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 Group'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 his purpose, consistent with the Group'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.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

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 Group

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 Group 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 Group'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 additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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 amortised cost 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.
Debt investments at FVOCI	These assets are subsequently measured at investments at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, Gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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3.10.3 Derecognition

3.10.3.1 Financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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.

3.10.3.2 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group 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.

3.10.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.10.5 Impairment

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECL, except for following, which are measured at 12 months ECLs;

- debt securities and that are determined to have low credit risk at the reporting date
- other debt securities and bank charges for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realising security (if any is held).
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Group expects to receive.)

ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group 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 borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

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.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

3.10.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

3.10.7 Derivative Financial Instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Subsequent to the initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

3.11 Stated capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transactions is accounted for in accordance with LKAS 12.

3.12 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The retirement benefit obligation of the Group is based on the actuarial valuation using Projected Unit Credit (PUC) methods as recommended by Sri Lanka Accounting Standard (LKAS 19) Employee Benefits. The calculation is performed by Independent Actuary using the projected unit credit method.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 25.2 to the Financial Statements.

The Group recognises all actuarial gains and losses arising from the defined benefits plans immediately in the other comprehensive income. The liability is disclosed under Non-current liabilities in the Statement of Financial Position and not externally funded.

However, as per the Payment of Gratuity Act No. 12 of 1983 the liability to an employee arises only on completion of 5 years of continued service.

Defined Contribution Plans - Employees' Provident Fund and Employee Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds

in line with the relevant statutes.

Employer's contributions to the defined contribution plans are recognised as an expense in profit or loss when incurred.

3.13 Provisions

A provision is recognised if, as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

3.14 Revenue from contracts with customers

The Group's generates revenue through sales.

A. Performance obligation and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over good to a customer.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income to the gross basis.

The following table provide information about the nature and timing of the satisfaction of performance obligations in contract with customers, including

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significant payment terms, and the related revenue recognition policies.

Type of products	Nature and timing of satisfaction of performance	Revenue Recognition under SLFRS 15
Electric Wires, Cables and PVC Pipe & Fitting	Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. Invoices are at the point in time. Invoices are usually payable within 30-60	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes.

3.15 Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income in arriving at the profit for the year. Provision has also been made for impairment of financial assets, slow moving inventories, all known liabilities and depreciation on property, plant and equipment.

3.16 Borrowing Costs

Borrowing costs directly attributable to acquisition, construction or production of assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that Group incurs in connection with the borrowing of funds.

3.17 Net Finance Income/(Expenses)

The Group's finance income and finance costs include:

- interest income.
- interest expense.
- dividend income.
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

3.18 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income tax, and therefore accounted for them under LKAS 37 "Provisions, Contingent Liabilities and contingent Assets".

3.18.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable and receivable is the best estimate of the tax amount expected

to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

3.18.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for;

temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. 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 realised; such deductions 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 substantially enacted at the reporting date and reflects uncertainty related to income taxes, if any. Deferred tax assets and liabilities are offset only if certain criteria are met.

3.19 Related party transactions

Disclosure 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 being charged or not.

The relevant details are disclosed in the respective notes to the Financial Statements.

3.20 The statement of cash flows

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as

financing cash flows for the purpose of presentation of statement of cash flows which has been prepared using the 'Indirect Method'.

3.21 Earnings Per Share (EPS)

Basic Earning Per Share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of shares outstanding at the reporting date.

3.22 Events occurring after the reporting period

Events after the reporting period are those events favourable and unfavourable that occur between the end of the reporting period and the date when the Financial Statements are authorised for issue.

The materiality of the events occurring after the reporting period is considered

and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

3.23 Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale the assets are re measured in accordance with the Group's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, property plant and equipment are no longer amortised or depreciated.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The institute of Chartered Accountants of Sri Lanka has issued a number of New Accounting Standards (SLFRSs/ LKASs) and amendments to standards which are effective for the annual periods beginning after 1st April 2020 and earlier applications is permitted.

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

- Onerous Contracts - Cost of fulfilling a contract (Amendments to LKAS 37);
- Interest Rate Benchmark Reform - Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4, SLFRS 16);
- Other standards
 - ◆ Covid-19 Related Rent Concessions (Amendments to SLFRS 16)
 - ◆ Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)

- ◆ Reference to Conceptual Framework (Amendments to SLFRS 3)
- ◆ Classification of Liabilities as Current or Noncurrent (Amendments to LKAS 1)
- ◆ Annual improvements to SLFRS standards 2018 - 2020, which are not effective as at reporting date

Notes to the Financial Statements

	Group		Company	
	For the Year ended 31st March			
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
5 REVENUE				
Local Sales	5,429,451,716	5,326,750,673	5,185,511,638	4,690,531,975
Export Sales	69,103,407	236,502,284	69,103,408	236,502,284
	5,498,555,123	5,563,252,957	5,254,615,046	4,927,034,259
6 OTHER INCOME				
Gain on Disposal of Property, Plant and Equipment	-	34,500	-	34,500
Written Back of Creditors No Longer Payable	118,079	95,700	-	-
Scrap Sales	24,071,202	17,479,941	23,428,082	17,438,514
Income on Solar Power Generation	32,985,637	10,969,076	32,985,637	10,969,076
Income on Service Provided	-	-	-	5,898,002
Change in Fair Value of Derivatives	22,429,696	2,479,949	22,429,696	2,479,949
	79,604,614	31,059,166	78,843,415	36,820,041

7 PROFIT FROM OPERATIONS

Profit from Operations is stated after charging/(Crediting) all the expenses/(Income) including following;

	Group		Company	
	For the Year ended 31st March			
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Directors' Fees and Emoluments	27,046,790	31,357,883	23,900,000	28,200,000
Auditors' Remuneration - Audit	2,107,451	2,022,189	1,400,000	1,300,000
- Audit Related Services	300,000	300,000	300,000	300,000
Depreciation and Amortization	147,251,327	128,733,587	102,751,543	84,860,678
Provision for Impairment of Inventories	13,387,010	115,648,820	13,130,445	115,648,820
Provision for Impairment of Related Party Receivable - Non Trade	(198,680)	1,628,860	29,337,162	35,524,192
Provision for Impairment of Related Party Receivable - Trade	1,996,470	522,136	36,856,888	10,874,865
Provision for Impairment of Other Receivables	1,405,346	-	1,405,346	-
Provision for Impairment of Trade Receivables	45,905,167	80,948,506	44,013,447	72,809,615
Loss on Disposal of Investment Property	-	2,500,000	-	2,500,000
Research & Development Expenses	51,824,643	40,896,881	51,824,643	40,896,881
Donations	155,610	975,100	155,610	975,100
Personnel Costs				
Salaries, Wages and Related Costs	217,773,898	209,380,645	196,823,666	195,752,822
Defined Contribution Plan Cost	23,754,305	22,524,252	23,754,305	22,524,252
Defined Benefit Plan Cost (Note 25)	11,261,475	10,040,220	10,930,268	9,697,632

	Group		Company	
For the Year ended 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
NET FINANCE COSTS				
Finance Income				
Interest Income	559,807	1,130,042	526,275	494,934
Dividend Income	384,883	598,233	384,883	598,233
	944,690	1,728,275	911,158	1,093,167
Finance Costs				
Interest on - Overdraft	13,647,380	24,339,860	6,616,597	13,254,828
- Lease	451,080	579,155	451,080	579,155
- Import Demand Loans	90,878,568	104,908,594	88,821,890	85,163,300
- Bank Loans	25,563,637	32,133,701	19,220,379	25,508,034
Exchange Loss	43,312,594	59,394,845	37,250,392	55,705,883
	173,853,259	221,356,155	152,360,338	180,211,200
Net Finance Costs	172,908,569	219,627,880	151,449,180	179,118,033
INCOME TAX EXPENSE				
Income Tax on Profit for the Year (Note 9.1)	83,903,204	55,737,591	83,903,204	48,372,265
Deferred Tax Reversal (Note 26.3)	(66,267,465)	(20,197,047)	(53,011,324)	(17,756,987)
	17,635,739	35,540,544	30,891,880	30,615,278
Reconciliation Between Accounting Profit/(Loss) and Tax Expense				
Profit Before Tax	337,596,894	264,299,230	327,384,407	181,152,713
Share of Loss/(Profit) of Equity-Accounted Investees	(15,101,345)	(8,328,570)	-	-
Consolidation Adjustment	(64,396,260)	(101,662,444)	-	-
	258,099,289	154,308,216	327,384,407	181,152,713
Non-Business Income	(984,690)	(1,120,240)	(911,158)	(494,934)
Aggregate Disallowable Expenses	269,008,651	332,780,516	239,478,620	272,306,997
Aggregate Allowable Expenses	(116,539,781)	(319,183,600)	(98,756,959)	(262,901,928)
Aggregate Tax Losses from Business	57,611,439	50,907,144	-	-
Taxable Profit from Business	467,194,910	217,692,036	467,194,910	190,062,848
Income from Other Sources	384,883	1,120,240	384,883	494,934
Total Statutory Income	467,579,793	218,812,276	467,579,793	190,557,782
Tax Loss Claimed (Note No 9.2)	-	-	-	-
Taxable Income (Note 9.3)	467,579,793	218,812,276	467,579,793	190,557,782
Income Tax				
For the Nine Months Ended 31st December 2019 @ 28%	-	46,015,783	-	39,960,365
Tax on Business Income @ 18%	82,989,150	9,347,025	82,989,150	8,077,575
Tax on Business Income @ 24%	-	41,511	-	3,993
Tax on Business Income @ 14%	914,054	330,332	914,054	330,332
Tax on Business Income @ 30%	-	2,940	-	-
	83,903,204	55,737,591	83,903,204	48,372,265

Notes to the Financial Statements

	Group		Company	
	2021	2020	2021	2020
For the Year ended 31st March	Rs.	Rs.	Rs.	Rs.
9.2 Accumulated Tax Losses				
Balance as at 1st April	307,321,832	255,253,573	-	-
Tax Loss for the Year	57,611,439	50,907,144	-	-
Tax Loss Claimed	-	-	-	-
Exchange Difference	(3,785,971)	1,161,115		
Balance as at 31st March	361,147,300	307,321,832	-	-

Sierra Cables PLC

In terms of Section 52 of Inland Revenue Act No. 24 of 2017, taxable income from exports of Sierra Cables PLC is taxable at the rate of 14% and other profit from manufacturing is taxable at 18%, while other income are taxable at the rate of 24%.

In the year 2019/20, Income tax has been computed at 28% for the nine months period and 18% for the three months period. For the export income, income tax for has been computed at 28% for the nine months period and 14% for the three months period. For the other income, income tax has been computed at 28% for the nine months period and at 24% for the three months period.

Sierra Industries (Private) Limited

In terms of Section 52 of Inland Revenue Act No. 24 of 2017, taxable income from exports of Sierra Industries (Pvt) Ltd is taxable at the rate of 14% and other profit from manufacturing is taxable at 18%, while other income are taxable at the rate of 24%.

In the year 2019/20, Income tax has been computed at 28% for the nine months period and 18% for the three months period. For the export income, income tax for has been computed at 28% for the nine months period and 14% for the three months period. For the other income, income tax has been computed at 28% for the nine months period and at 24% for the three months period.

Sierra Cables East Africa Limited

Based on the prevailing legislation on income tax effective in Kingdom of Kenya, profit from operation together with other profits and income taxable at rate of 30%.

10 BASIC EARNINGS PER SHARE

Basic Earnings Per Share is calculated based on the Profit after taxation attributable to the Ordinary Shareholders divided by the Weighted Average Number of Ordinary Shares outstanding during the year.

	Group		Company	
	2021	2020	2021	2020
For the Year ended 31st March				
Profits Attributable to Ordinary Shareholders (Rs.)	323,018,594	229,621,599	296,492,527	150,537,435
Weighted Average Number of Ordinary Shares	537,512,430	537,512,430	537,512,430	537,512,430
Basic Earnings Per Share (Rs.)	0.60	0.43	0.55	0.28

10.1 Diluted Earnings per Share

There were no potentially dilutive ordinary shares at any time during the year, hence diluted earning per share is equal to the basic earnings per share.

	Group		Company	
	2021	2020	2021	2020
For the Year ended 31st March				
11 DIVIDEND PER SHARE				
Dividend for the year	107,502,486	-	107,502,486	-
Number of Ordinary Shares	537,512,430	537,512,430	537,512,430	537,512,430
Dividend per Share (Rs.)	0.20	-	0.20	-

	Group		Company	
	2021	2020	2021	2020
For the Year ended 31st March				
	Rs.	Rs.	Rs.	Rs.
12 DISCONTINUED OPERATIONS				
Assets Classified as Held for Sale				
Plant & Machinery	18,000,000	18,000,000	18,000,000	18,000,000
Impairment provision	(18,000,000)	(18,000,000)	(18,000,000)	(18,000,000)
	-	-	-	-

The Company classified part of its Plant and Machinery as Non Current Asset Held for Sale during the year 2016/2017 following the decision taken by the Board of The Directors to dispose the same. Efforts to sell the Plant and Machinery commenced in the previous financial years and Directors are of the opinion that they still commit to the initial decision to sell the assets and actively involved in the same as at the end of the reporting period. In the year 2017/18 due to the existent of material uncertainty over recoverability of such assets, the management decided to provide for impairment.

Notes to the Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT

As at 31st March 2021	Land	Buildings	Plant and Machinery	Motor Vehicle
	Rs.	Rs.	Rs.	Rs.
Group				
Cost / Valuation				
Balance as at 1st April	386,364,901	532,490,955	973,227,466	34,029,331
Additions	17,631,200	20,199,000	24,336,141	-
Surplus on Revaluation during the Year	317,261,300	227,130,143	-	-
Effect of Movements in Exchange Rates	-	(401,781)	(10,736,602)	(59,813)
Balance as at 31st March	721,257,401	779,418,317	986,827,005	33,969,518
Depreciation				
Balance as at 1st April	-	148,871,305	436,442,455	32,484,441
Charge for the Year	-	26,287,156	78,648,846	1,030,723
Effect of Movements in Exchange Rates	-	(60,395)	(3,278,340)	(48,761)
Balance as at 31st March	-	175,098,066	511,812,961	33,466,403
Net Book Value				
Balance as at 31st March 2020	386,364,901	383,619,650	536,785,011	1,544,890
Balance as at 31st March 2021	721,257,401	604,320,251	475,014,044	503,115

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 35 to the Financial Statements.

As at 31st March 2020	Land	Buildings	Plant and Machinery	Motor Vehicle
	Rs.	Rs.	Rs.	Rs.
Group				
Cost / Valuation				
Balance as at 1st April	366,869,401	527,658,577	967,872,815	34,141,631
Additions	19,495,500	4,647,987	431,619	-
Disposals	-	-	-	(139,750)
Surplus on Revaluation during the Year	-	-	-	-
Effect of Movements in Exchange Rates	-	184,391	4,923,032	27,450
Balance as at 31st March	386,364,901	532,490,955	973,227,466	34,029,331
Depreciation				
Balance as at 1st April	-	122,908,680	356,861,259	28,555,991
Charge for the Year	-	25,946,149	78,710,336	4,050,340
Disposal	-	-	-	(139,750)
Effect of Movements in Exchange Rates	-	16,476	870,860	17,860
Balance as at 31st March	-	148,871,305	436,442,455	32,484,441
Net Book Value				
Balance as at 31st March 2019	366,869,401	404,749,897	611,011,556	5,585,640
Balance as at 31st March 2020	386,364,901	383,619,650	536,785,011	1,544,890

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 35 to the Financial Statements.

Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
Rs.	Rs.	Rs.	Rs.	Rs.
6,551,222	216,652,492	36,181,545	13,263,679	2,198,761,591
573,662	16,958,348	4,663,633	934,770	85,296,754
-	-	-	-	544,391,443
(58,631)	-	(25,082)	-	(11,281,909)
7,066,253	233,610,840	40,820,096	14,198,449	2,817,167,880
5,888,133	81,284,454	29,674,521	-	734,645,309
489,969	34,395,352	2,858,633	-	143,710,679
(31,933)	-	(6,271)	-	(3,425,700)
6,346,169	115,679,806	32,526,883	-	874,930,288
663,089	135,368,038	6,507,024	13,263,679	1,464,116,282
720,084	117,931,034	8,293,213	14,198,449	1,942,237,591
Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
Rs.	Rs.	Rs.	Rs.	Rs.
6,491,472	102,132,258	34,443,540	9,460,910	2,049,070,602
41,085	1,520,234	1,738,005	116,802,769	144,677,199
-	-	-	-	(139,750)
-	-	-	-	-
18,665	-	-	-	5,153,540
6,551,222	216,652,492	36,181,545	13,263,679	2,198,761,591
5,429,631	68,239,237	26,845,243	-	608,840,042
450,780	13,045,217	2,829,278	-	125,032,100
-	-	-	-	(139,750)
7,722	-	-	-	912,917
5,888,133	81,284,454	29,674,521	-	734,645,309
1,061,841	33,893,021	7,598,297	9,460,910	1,440,230,560
663,089	135,368,038	6,507,024	13,263,679	1,464,116,282

Notes to the Financial Statements

As at 31st March 2021	Land	Buildings	Plant and Machinery	Motor Vehicle
	Rs.	Rs.	Rs.	Rs.
Company				
Cost / Valuation				
Balance as at 1st April	309,392,900	451,209,609	570,231,181	26,229,554
Additions	6,631,200	-	24,336,141	-
Surplus on Revaluation during the Year	235,890,900	227,130,143	-	-
Balance as at 31st March	551,915,000	678,339,752	594,567,322	26,229,554
Depreciation				
Balance as at 1st April	-	131,671,760	300,123,363	25,501,214
Charge for the Year	-	22,562,044	41,119,357	728,340
Balance as at 31st March	-	154,233,804	341,242,720	26,229,554
Net Book Value				
Balance as at 31st March 2020	309,392,900	319,537,849	270,107,818	728,340
Balance as at 31st March 2021	551,915,000	524,105,948	253,324,602	-

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 35 to the Financial Statements.

As at 31st March 2020	Land	Buildings	Plant and Machinery	Motor Vehicle
	Rs.	Rs.	Rs.	Rs.
Company				
Cost / Valuation				
Balance as at 1st April	289,897,400	451,209,609	570,231,181	26,369,304
Additions	19,495,500	-	-	-
Disposals	-	-	-	(139,750)
Surplus on Revaluation during the Year	-	-	-	-
Balance as at 31st March	309,392,900	451,209,609	570,231,181	26,229,554
Depreciation				
Balance as at 1st April	-	109,109,716	258,985,783	21,893,656
Charge for the Year	-	22,562,044	41,137,580	3,747,308
Disposal	-	-	-	(139,750)
Balance as at 31st March	-	131,671,760	300,123,363	25,501,214
Net Book Value				
Balance as at 31st March 2019	289,897,400	342,099,893	311,245,398	4,475,648
Balance as at 31st March 2020	309,392,900	319,537,849	270,107,818	728,340

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 35 to the Financial Statements.

Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
Rs.	Rs.	Rs.	Rs.	Rs.
5,149,261	201,954,558	33,197,372	14,938,031	1,612,302,467
-	16,958,348	3,760,602	40,900	51,727,191
-	-	-	-	463,021,043
5,149,261	218,912,906	36,957,974	14,978,931	2,127,050,701
4,817,963	68,322,312	26,842,981	-	557,279,592
135,987	32,034,218	2,630,949	-	99,210,895
4,953,950	100,356,530	29,473,930	-	656,490,487
331,298	133,632,246	6,354,391	14,938,031	1,055,022,875
195,311	118,556,376	7,484,044	14,978,931	1,470,560,214
Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
Rs.	Rs.	Rs.	Rs.	Rs.
5,108,176	88,111,308	31,459,367	11,135,263	1,473,521,608
41,085	843,250	1,738,005	116,802,768	138,920,609
-	-	-	-	(139,750)
-	-	-	-	-
5,149,261	201,954,558	33,197,372	14,938,031	1,612,302,467
4,580,202	57,632,315	24,058,478	-	476,260,150
237,761	10,689,997	2,784,503	-	81,159,192
-	-	-	-	(139,750)
4,817,963	68,322,312	26,842,981	-	557,279,592
527,974	30,478,993	7,400,889	11,135,263	997,261,458
331,298	133,632,246	6,354,391	14,938,031	1,055,022,875

Notes to the Financial Statements

13.1 Fully-Depreciated Assets

The initial cost of fully-depreciated Property, Plant and Equipment which are still in use as at Reporting Date are as follows:

As at 31st March 2021	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Machinery	4,385,693	4,385,693	4,385,693	4,385,693
Motor Vehicles	26,790,019	8,289,769	26,229,555	7,729,305
Furniture and Fittings	4,820,315	4,547,548	4,606,622	4,333,855
Factory Equipment	64,870,292	52,856,016	54,763,807	42,749,531
Office & Computer Equipment	24,993,517	20,081,557	24,115,199	19,272,039
	125,859,836	90,160,583	114,100,876	78,470,423

13.2 Details of Property Plant and Equipment of the Group Stated at Valuation are Indicated below:

In compliance with the accounting policy, land and building owned by group companies are revalued by independent professional valuers at least once in every three years unless there is an indication of a significant change in the market rates. Details of the revalued land and buildings given in Note 13.2 to the Financial Statements. Tax impact on revaluation of land is given in note 26 to the financial statements.

Property Location	Method of Valuation	Effective date of valuation	Estimated Price per perch	Estimated Price per Square foot	No of Buildings	Valuer	Land Extent	Carrying Value of Revalued Assets as at 31st March 2021 if carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2021
			Rs.	Rs.			(Acres)	Rs.	Rs.
Land, buildings at Sierra Cables PLC Galwarusa Road, Korathota (within the limits of Kaduwela Pradeshiya Sabha)	Market Approach	31st March 2021	300,000 - 650,000	500 - 4,750	6	Mr. D. Prathapasinghe Bsc.Est.Mgt & Val. Chartered Surveyor	8.4061	120,358,354	1,076,020,948
								120,358,354	1,076,020,948
Land, building at Sierra Industries (Pvt) Ltd Galwarusa Road, Korathota (within the limits of Kaduwela Pradeshiya Sabha)	Market Approach	31st March 2021	350,000	1,500 - 2,750	1	Mr. D. Prathapasinghe Bsc.Est.Mgt & Val. Chartered Surveyor	2.749	77,363,309	133,143,811
								77,363,309	133,143,811

The Group has determined that the fair value of land and building can be categories under Level 03 of fair value hierarchy.

Market approach method uses prices and other relevant information generated by market transactions involving identical or comparable assets.

13.3 The carrying amount of revalued assets that would have been included in the Financial Statements, had the assets been carried at Cost less Accumulated Depreciation is as follows;

As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
	Rs.	Rs.
At Cost	143,458,356	137,309,195
At Valuation	1,209,164,759	742,579,060
As at 31st March 2021	Carrying Value of Revalued Assets as at 31st March 2021 if carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2021
	Rs.	Rs.
Sierra Cables PLC		
Land	90,058,007	551,915,000
Building	30,300,347	524,105,948
Total	120,358,354	1,076,020,948
Sierra Industries (Private)Limited		
Land	46,317,298	76,972,000
Building	31,046,011	56,171,811
Total	77,363,309	133,143,811

13.4 Capital working-progress represent the amounts of expenditure recognised under property plant and equipment during the construction of building.

13.5 The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign subsidiaries which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

13.6 On reassessment of the fair value of the Group's assets, it has been identified that there is no impairment of property, plant and equipment which requires provision in the financial statements.

	Group		Company	
	2021	2020	2021	2020
As at 31st March	Rs.	Rs.	Rs.	Rs.
14 INTANGIBLE ASSETS				
Cost				
Balance as at 1st April	23,275,443	23,275,443	23,275,443	23,275,443
Additions	-	-	-	-
Balance as at 31st March	23,275,443	23,275,443	23,275,443	23,275,443
Amortization Charge				
Balance as at 1st April	18,712,185	16,600,590	18,712,185	16,600,590
Charge for the year	2,007,713	2,111,596	2,007,713	2,111,596
Balance as at 31st March	20,719,898	18,712,186	20,719,898	18,712,186
Carrying Value as at 31st March	2,555,545	4,563,257	2,555,545	4,563,257

Intangible assets represents the cost of Computer Software acquired by the Company. The initial cost of fully-amortised intangible assets which are still in use as at Reporting Date was Rs. 11,726,480/- (2019/20 - 11,089,392/-)

Notes to the Financial Statements

15 RIGHT OF USE ASSETS

		Group		Company	
As at 31st March		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
15.1	Gross carrying amount				
	At Cost				
	As at beginning of the year	3,695,474	-	3,695,474	-
	Adjustment on Initial Application of IFRS 16	-	5,285,365	-	5,285,365
	Adjusted balance as at 1st April	3,695,474	5,285,365	3,695,474	5,285,365
	Additions and transfers during the year	365,745	-	365,745	-
	Charge for the Year	(1,532,938)	(1,589,891)	(1,532,938)	(1,589,891)
	As at the end of the year	2,528,281	3,695,474	2,528,281	3,695,474
15.2	Amounts recognised in profit or loss:				
	Depreciation expense of Right-Of-Use assets	(1,532,938)	(1,589,891)	(1,532,938)	(1,589,891)
		(1,532,938)	(1,589,891)	(1,532,938)	(1,589,891)

		Group		Company	
As at 31st March		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
16	INVESTMENT PROPERTY				
	Balance as at 1st April	-	4,500,000	-	4,500,000
	Transferred during the year	-	-	-	-
	Disposals	-	(4,500,000)	-	(4,500,000)
	Balance as at 31st March	-	-	-	-
	Carrying Value as at 31st March	-	-	-	-

		Company	
As at 31st March		2021	2020
		Rs.	Rs.
17	INVESTMENTS IN SUBSIDIARIES		
	Sierra Cables East Africa Limited (Note 17.1)	182,735,166	182,735,166
	Sierra Industries (Private) Limited (Note No 17.3)	265,216,310	265,216,310
		447,951,476	447,951,476
	Provision for Impairment of Investment in Subsidiaries (Note 17.2)	(358,074,584)	(358,074,584)
		89,876,892	89,876,892
17.1	Sierra Cables East Africa Limited		
	Balance as at 1st April	182,735,166	182,735,166
	Investment made During the Year	-	-
	Balance as at 31st March	182,735,166	182,735,166
17.2	Provision for Impairment of Investment in Subsidiaries		
	Balance as at 1st April	358,074,584	301,241,023
	Provision During the Year	-	71,981,822
	Provision Reversal During the Year	-	(15,148,261)
	Balance as at 31st March	358,074,584	358,074,584

17.2.1 Provision for Impairment of Investment in Subsidiaries

The Company has made a provision for impairment of Rs. 358,074,584/- on the investment in subsidiaries as at 31st March 2021 due to adverse business environment in which the subsidiary companies are operated. This has resulted by operating loss of the subsidiary company and net assets attributable to the parent company has been considered as the recoverable amount for the calculation of provision for impairment of Sierra Cables East Africa Ltd as at the each reporting date. The breakup of the impairment provision is as follows;

		Company	
As at 31st March		2021	2020
		Rs.	Rs.
	Sierra Industries(Private) Limited	175,339,418	175,339,418
	Sierra Cables East Africa Limited	182,735,166	182,735,166
		358,074,584	358,074,584
As at 31st March 2021		Sierra Industries (Private) Limited	Sierra Cables East Africa Limited
17.3	Investment Information of Subsidiaries		
	Number of shares	42,036,052	11,400
	Holding	90.72%	95%
	Cost of the Investment (Rs.)	265,216,310	182,735,166

Notes to the Financial Statements

17.4 Non-Controlling Interest (NCI) in Subsidiary

	Sierra Industries (Private) Limited		Sierra Cables East Africa Limited	
As at 31st March	2021	2020	2021	2020
NCI Percentage (%)	9.28%	9.28%	5%	5%
Total Assets	735,489,482	689,873,240	193,509,608	259,144,737
Total Liabilities	(585,260,051)	(605,521,981)	(214,326,694)	(226,127,940)
Net Assets	150,229,431	84,351,258	(20,817,084)	33,016,797
Carrying Amount of NCI	13,941,291	7,827,797	(1,040,854)	1,650,840
Profit/(Loss) for the period	(5,981,065)	16,274,153	(50,047,910)	(47,463,093)
Other Comprehensive Income	71,859,238	-	(3,785,971)	1,161,115
Total Other Comprehensive Income/(expenses) for the period	65,878,173	16,274,153	(53,833,881)	(46,301,978)
Total Comprehensive Income/(Loss) allocated to NCI	6,113,494	1,510,241	(2,691,694)	(2,315,099)
Cash Flows from Operating Activities	70,323,217	167,530,990	11,379,142	76,517,861
Cash Flows from Investing Activities	(32,160,987)	(4,730,808)	(1,375,044)	(426,460)
Cash Flows from Financing Activities	(37,961,942)	(144,551,572)	(29,126,520)	(26,549,969)
Net Increase/ (Decrease) in Cash and Cash Equivalents	200,288	18,248,610	(19,122,422)	49,541,431

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
18 EQUITY - ACCOUNTED INVESTEEES				
Interest in Joint Venture	-	-	28,310,163	28,310,163
Interest in Associates	32,575,952	17,474,607	3,300,000	3,300,000
	32,575,952	17,474,607	31,610,163	31,610,163

18.1 Joint Venture

Cables PTE Limited is a joint venture in which the Company has joint control and a 30% ownership interest. The Company is principally engaged in the manufacturing of industrial and commercial cable products.

The Company classified its interest in Cables PTE Limited as a joint venture. Cables PTE Limited has a financial reporting period ended 30th June as per their reporting requirements.

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cost of the Investment	28,310,163	28,310,163	28,310,163	28,310,163
Share of Profit/(Loss) for the Year (Net of Tax)	-	(79,688)	-	-
Accumulated Share of Profit/ (Loss)	(28,310,163)	(28,230,475)		
Net Asset Value of Associate as at 31 March	-	-	28,310,163	28,310,163

18.1.1 Summarised Financial Information of Joint Venture

As at 31st March	Cables PTE Limited	
	2021	2020
Percentage Ownership Interest	30%	30%
Revenue	651,301,218	343,125,373
Profit/(Loss) for the Year	6,900,676	(53,527,364)
Non- Current Assets	648,233,505	613,007,070
Current Assets	358,964,027	254,607,429
Non- Current Liabilities	487,875,535	472,573,374
Current Liabilities	441,205,813	346,823,874
Elimination of the Share Advance	115,992,000	101,472,000
Net Assets (100%)	(37,875,817)	(53,254,750)
Group Share of Net Assets (30%)	(11,362,745)	(15,976,425)
Carrying Amount of Interest in Joint Venture	-	-

The Company recorded the investment in Joint Venture under cost model, the Company has performed an impairment assessment as per LKAS 36. The recoverable amount of the investment in the joint venture is based on the value-in-use computations. Cash flow projections based on financial budgets for the next five years have been used for the calculation of value-in-use.

Having evaluated the business continuity plans and the cash flows of the joint venture entity, the Company determined that no impairment provision is required for the carrying value of investment.

The key assumptions used are given below.

Revenue Increase - Projected increase based on the budget.

Discount Rate - Weighted average cost of capital rate

Growth Rate - Based on the business plan

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
18.2 Associates				
Tea Leaf Resort Holdings (Private) Limited (Note 18.2.2)	-	-	2,500,000	2,500,000
T & G Lanka (Private) Limited (Note 18.2.2)	32,575,952	17,474,607	3,300,000	3,300,000
	32,575,952	17,474,607	5,800,000	5,800,000
Provision for Impairment of Investment in Associate (Note 18.2.1)	-	-	(2,500,000)	(2,500,000)
	32,575,952	17,474,607	3,300,000	3,300,000
18.2.1 Provision for Impairment of Investment in Associate				
Tea Leaf Resort Holdings (Private) Limited	-	-	(2,500,000)	(2,500,000)
	-	-	(2,500,000)	(2,500,000)

18.2.2 Net Assets Value of Associates

As at 31st March	Tea Leaf Resort Holdings (Private) Limited		T & G Lanka (Private) Limited	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Cost of the Investment	2,500,000	2,500,000	3,300,000	3,300,000
Share of Profit for the Year (Net of Tax)	-	-	15,101,345	8,408,257
Accumulated Share of Profit/ (Loss)	(2,500,000)	(2,500,000)	14,174,607	5,766,350
Net Asset Value of Associate as at 31 March	-	-	32,575,952	17,474,607

Notes to the Financial Statements

18.2.3 Summarized Financial Information of Associates

	Tea Leaf Resort Holdings (Private) Limited		T & G Lanka (Private) Limited	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Percentage Ownership Interest	49.9%	49.9%	28%	28%
Revenue	-	-	198,333,471	139,070,280
Profit/(Loss) for the Year	(26,000)	(28,214)	53,933,377	33,185,031
Non-Current Assets	-	-	22,954,394	12,651,715
Current Assets	2,364,977	2,399,039	149,833,709	94,296,773
Non-Current Liabilities	-	-	11,448,702	10,028,612
Current Liabilities	7,120,540	7,128,602	44,996,715	34,510,564
Net Assets (100%)	(4,755,563)	(4,729,563)	116,342,686	62,409,312
Group Share of Net Assets	-	-	32,575,952	17,474,607
Carrying Amount of Interest In Associates	-	-	32,575,952	17,474,607

19 OTHER ASSETS - NON-CURRENT

19.1 Equity Securities - at FVOCI

As at 31st March	2021		2020	
	No of Ordinary Shares/Units	Fair Value	No of Ordinary Shares/Units	Fair Value
		Rs.		Rs.
National Development Bank PLC	24,061	1,944,129	23,882	1,580,988
Richard Pieris Exports PLC	10,359	3,874,266	10,359	1,968,210
ACL Cables PLC	3,040	109,136	1,520	47,272
DFCC Bank PLC	10,536	627,946	10,000	606,000
Chevron Lubricants PLC	3,678	331,020	3,678	196,773
Kelani Cables PLC	200	22,350	200	10,400
NDB Aviva Growth Fund Investment in Units	2,199,836	22,108,347	2,199,836	15,992,804
		29,017,194		20,402,447
Total Other Financial Assets		29,017,194		20,402,447

The Group designated the investment shown above as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purpose.

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
20 INVENTORIES				
Raw Materials	502,452,206	515,789,913	485,401,019	413,276,382
Work in Progress	467,154,660	210,717,041	441,175,153	196,796,313
Finished Goods	672,971,737	673,348,961	610,266,696	634,001,514
Packing Materials	1,772,696	4,379,570	1,772,696	4,379,570
Engineering Items	21,120,885	14,939,157	21,120,885	14,939,157
Goods in Transit	92,882,160	-	92,882,160	-
	1,758,354,344	1,419,174,642	1,652,618,609	1,263,392,936
Less: Provision for obsolete Inventories (Note 20.1)	(15,506,941)	(2,119,931)	(13,130,445)	-
	1,742,847,403	1,417,054,711	1,639,488,164	1,263,392,936

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
20.1 Provision for Obsolete Inventories				
Balance as at 1st April	2,119,931	56,598,120	-	54,478,189
Provision During the Year	13,387,010	115,648,820	13,130,445	115,648,820
Provision Written off	-	(170,127,009)	-	(170,127,009)
Balance as at 31st March	15,506,941	2,119,931	13,130,445	-

Inventories pledged as security against the long term and short term borrowings have been disclosed in Note 35 to the Financial Statements.

21 RECEIVABLES AND DERIVATIVES

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
21.1 Trade and Other Receivables				
Trade Receivables	2,620,751,971	1,783,016,443	2,327,235,417	1,483,009,531
Less: Provision for Impairment (Note 21.1.1)	(291,296,983)	(245,391,816)	(242,864,187)	(198,850,740)
	2,329,454,988	1,537,624,627	2,084,371,230	1,284,158,791
VAT Receivable	251,898,912	208,603,335	180,736,076	132,951,021
NBT Receivable	5,597,218	5,597,601	2,885,136	2,885,136
Deposits, Prepayments and Advances	85,663,311	82,535,265	78,143,943	74,603,278
Other Receivables	21,337,124	22,590,675	-	-
	364,496,566	319,326,876	261,765,155	210,439,435
Provision for Impairment (Note 21.1.2)	(42,240,403)	(40,835,057)	(42,240,403)	(40,835,057)
	322,256,162	278,491,819	219,524,752	169,604,378
Total Trade and Other Receivables	2,651,711,150	1,816,116,446	2,303,895,982	1,453,763,168

Trade receivables pledged as security against the long term and short term borrowings have been disclosed in Note 35 to the Financial Statements.

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
21.1.1 Provision for Impairment of Trade Receivables				
Balance as at 1st April	245,391,816	164,443,310	198,850,740	126,041,125
Provision made during the year	45,905,167	80,948,506	44,013,447	72,809,615
Balance as at 31st March	291,296,983	245,391,816	242,864,187	198,850,740
21.1.2 Provision for Impairment of Other Receivables				
Balance as at 1st April	40,835,057	40,835,057	40,835,057	40,835,057
Provision made during the year	1,405,346	-	1,405,346	-
Balance as at 31st March	42,240,403	40,835,057	42,240,403	40,835,057
21.2 Derivatives Financial Instruments				
Derivatives Financial Assets	24,909,645	2,479,949	24,909,645	2,479,949
Balance as at 31st March	24,909,645	2,479,949	24,909,645	2,479,949

The Group uses derivatives (not designated as hedging instrument for hedge accounting) to manage its exposure to foreign currency. The Group used forward contracts with leading banks as the derivatives Financial instrument.

Notes to the Financial Statements

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
22 AMOUNTS DUE FROM RELATED COMPANIES				
Non trading				
Sierra Industries (Private) Limited	-	-	146,918,936	166,243,382
Sierra Cables East Africa Limited	-	-	57,417,999	33,895,332
Tea Leaf Holding (Private) Limited	2,500,000	2,500,000	2,500,000	2,500,000
Cables PTE Limited	32,885,960	32,853,526	32,885,960	32,853,526
Provision for Non Trading Receivables (Note 22.2)	(3,930,180)	(4,128,860)	(67,361,354)	(38,024,192)
	31,455,780	31,224,666	172,361,541	197,468,048
Trading				
Sierra Electrical Engineering (Private) Limited	616,785	616,785	616,785	616,785
Sierra Global Network (Private) Limited	1,722,862	157,950	1,722,862	157,950
Sierra Technology Holdings (Private) Limited	7,542,499	7,542,499	7,542,499	7,542,499
Sierra Readymix (Private) Limited	-	38,233	-	38,233
Sierra Construction Limited	56,618,508	61,468,522	56,618,508	61,468,522
Sierra Development (Private) Limited	615,221	615,221	615,221	615,221
Sierra Cables East Africa Limited	-	-	116,493,146	120,588,080
Sintech Engineering (Pvt) Ltd	-	460,489	-	460,489
Sierra System Engineering (Pvt) Ltd	-	7,531,752	-	7,531,752
	67,115,875	78,431,451	183,609,021	199,019,531
Provision for related party trade receivable (Note 22.3)	(2,518,606)	(522,136)	(47,731,753)	(10,874,865)
	64,597,268	77,909,315	135,877,268	188,144,666
Total	96,053,049	109,133,981	308,238,809	385,612,714

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
22.1 Loans Due From Related Party				
Sierra Industries (Private) Limited	-	-	34,616,300	119,616,300
	-	-	34,616,300	119,616,300

Loans due from related party is unsecured and receivable on demand. During the year under review Sierra Industries (Pvt) Limited has settled Rs. 85 Mn and agreed to repay the remaining amount in the ensuing financial year.

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
22.2 Provision for Non Trading Receivables				
Balance as at 1st April	4,128,860	-	38,024,192	-
Provision / (reversal) during the year	(198,680)	4,128,860	29,337,162	38,024,192
Balance as at 31st March	3,930,180	4,128,860	67,361,354	38,024,192
22.3 Provision for related party trade receivable				
Balance as at 1st April	522,136	-	10,874,865	-
Provision during the year	1,996,470	522,136	36,856,888	10,874,865
Balance as at 31st March	2,518,606	522,136	47,731,753	10,874,865

23 CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Favourable Balances				
Cash in Hand	2,851,975	690,033	2,015,097	3,877,548
Cash in Bank	122,707,067	40,781,498	121,481,044	16,186,367
Cash and Cash Equivalents in the Statement of Financial Position	125,559,042	41,471,530	123,496,141	20,063,915
Unfavourable Balances				
Bank Overdrafts Repayable on Demand and Used for Cash Management Purpose	(132,699,932)	(186,423,083)	(47,719,877)	(101,349,413)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	(7,140,890)	(144,951,553)	75,776,264	(81,285,498)

24 CAPITAL AND RESERVES**24.1 Share Capital**

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
537,512,430 Ordinary Shares	894,565,898	894,565,898	894,565,898	894,565,898
	894,565,898	894,565,898	894,565,898	894,565,898

All ordinary shares rank equally with regard to the Company's residual assets.

Holders of ordinary shares are entitled to dividends as declared from time to time are entitled to one vote per share at general meetings.

24.2 Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

24.3 Fair Value Reserves

The fair value reserve comprises of the cumulative net change in the fair value of equity securities designated at FVOCI.

24.4 Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations.

25 RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	54,057,974	45,355,016	53,063,400	44,703,029
Current Service Cost	5,623,927	4,917,332	5,623,928	4,917,333
Interest Cost	5,637,547	5,122,888	5,306,340	4,780,299
Actuarial Loss	1,910,559	20,443	1,910,559	20,443
Benefits Paid	(2,837,250)	(1,357,705)	(2,735,750)	(1,357,705)
Balance as at 31st March	64,392,757	54,057,974	63,168,477	53,063,399

Notes to the Financial Statements

25.1 The total amount charged to Statement of Comprehensive Income in respect of Retirement Benefit Obligation is made up as follows;

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	5,623,927	4,917,332	5,623,928	4,917,333
Interest Cost	5,637,547	5,122,888	5,306,340	4,780,299
Recognized in Income Statement	11,261,474	10,040,220	10,930,268	9,697,632
Actuarial Loss	1,910,559	20,443	1,910,559	20,443
Expense recognised in Other Comprehensive Income	1,910,559	20,443	1,910,559	20,443

25.2 LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that employees have earned in return for their service in the current and prior periods and discount that benefit using projected unit credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit.

An Actuarial Valuation of the Retirement Benefit Obligation of the Company was carried out as at 31st March 2021, by Messers M. Poopalanathan, a firm of Professional Actuaries. The valuation was carried out as per the "Projected Unit Credit" (PUC) method.

As at 31st March	Group/ Company	
	2021	2020
The following key assumptions were made in arriving at the above figure.		
Expected Annual Average Salary Increment	10%	10%
Discount Rate	8.7%	10%
Retirement Age	55 Years	55 Years

Mortality A 1967/70 Mortality Table issued by the Institute of Actuaries, London

Staff Turnover Rate 17.7% for age up to 49 and thereafter zero.

Discount rate

LKAS 19 requires the risk discount rate to be based on the market yield of high quality Corporate bonds (AA and above) of similar duration to the liability. Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds. For the purpose of this valuation, the Company has considered discount rate of 8.7%. A rate of discount of 10% has been used at the previous valuation.

Assumptions regarding valuation of the retirement benefits based on published statistics. The discount rate has been changed compared to previous year, in order to reflect the current market conditions.

25.3 Sensitivity Analysis - Salary Escalation Rate/Discount Rate

The calculation of the Retirement Benefit Obligations is sensitive to the assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	Group		Company	
	Retirement Benefit Obligation		Retirement Benefit Obligation	
	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
	Rs.	Rs.	Rs.	Rs.
Effect on the Discounting Rate	172,603	5,573,658	239,852	5,501,810
Effect on the Salary Escalation Rate	5,901,041	(181,830)	5,829,996	(114,103)

26 DEFERRED TAX LIABILITIES

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	207,704,606	227,907,376	167,504,991	185,267,702
(Reversal)/Provision (Note 26.3)	(3,047,080)	(20,202,770)	697,900	(17,762,711)
Balance as at 31st March	204,657,526	207,704,606	168,202,891	167,504,991

The effective tax rate which were applied by the Company and its subsidiaries are as follows.

As at 31st March	2021	2020
Sierra Cables PLC	18%	28%
Sierra Industries (Private) Limited	18%	28%
Sierra Cables East Africa Limited	30%	30%

26.1 The Deferred Tax Liabilities is attributable to the followings

Company

As at 31st March	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
On Property, Plant and Equipment	435,094,190	78,088,554	491,904,679	137,733,310
On Retirement Benefit Obligations	(63,168,477)	(11,337,166)	(53,063,398)	(14,857,751)
On inventory Provision	(13,130,445)	(2,356,587)	-	-
On Other Provisions	(173,591,751)	(31,155,389)	(129,578,303)	(36,281,925)
On Surplus on Revaluation of Land & Building	751,990,176	134,963,479	288,969,133	80,911,357
	937,193,695	168,202,891	598,232,111	167,504,991

Group

As at 31st March	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
On Property, Plant and Equipment	518,550,275	93,110,649	585,114,210	163,831,979
On Retirement Benefit Obligations	(64,392,757)	(11,557,536)	(54,057,972)	(15,136,232)
On Surplus on Revaluation of Land & Building	884,715,675	158,854,069	340,324,232	95,290,785
On Other Provisions - Inventory	(15,506,942)	(2,738,175)	-	-
- Receivable	(183,646,797)	(33,011,479)	(129,578,303)	(36,281,925)
	1,139,719,453	204,657,527	741,802,167	207,704,607

Notes to the Financial Statements

26.2 Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefit therefrom.

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Tax losses	361,147,300	307,321,832	-	-
Inventory Provision	-	2,119,931	-	-

26.3 Deferred Tax Liabilities - (Reversal)/Provision

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Origination/(Reversal) of Temporary Differences Recognized in the Statement of Profit or Loss				
Origination/(Reversal) of Temporary Differences	(20,713,875)	(20,197,047)	(21,922,680)	(17,756,987)
Reduction in tax rate	(45,553,590)	-	(31,088,644)	-
	(66,267,465)	(20,197,047)	(53,011,324)	(17,756,987)
Recognized in the Statement of Other comprehensive Income				
Reduction in tax rate in relation to Revaluation surplus in previous years	(34,184,116)	-	(29,048,606)	-
Origination/(Reversal) of Temporary Differences	97,404,502	(5,724)	82,757,830	(5,724)
	63,220,386	(5,724)	53,709,224	(5,724)
	(3,047,080)	(20,202,770)	697,900	(17,762,711)

27 TERM LOANS

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	323,805,805	244,624,418	254,749,998	152,371,998
Loans Obtained	121,000,000	405,000,000	-	405,000,000
Repayments	(237,703,750)	(327,495,291)	(186,328,950)	(302,622,000)
Effect of movement in exchange rates	9,604,965	1,676,678	-	-
Balance as at 31st March	216,707,020	323,805,805	68,421,048	254,749,998
Term Loans due within One Year	74,612,460	210,561,719	7,894,740	179,749,998
Term Loans due after One Year	142,094,560	113,244,086	60,526,308	75,000,000
	216,707,020	323,805,805	68,421,048	254,749,998

28 LEASE LIABILITIES

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at beginning of the year	3,701,520	-	3,701,520	-
Adjustment on Initial Application of IFRS 16	-	5,285,365	-	5,285,365
Adjusted balance as at 1st April	3,701,520	5,285,365	3,701,520	5,285,365
Additions	365,745	-	365,745	-
Interest Charge for the Year	451,080	579,155	451,080	579,155
Lease Rental Payments for the Year	(2,524,500)	(2,163,000)	(2,524,500)	(2,163,000)
Balance as at 31st March,	1,993,845	3,701,520	1,993,845	3,701,520

	Group		Company	
As at 31st March	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
28.1 Maturity analysis of undiscounted contractual lease payments are as follows:				
Less than one year	1,508,430	2,223,230	1,508,430	2,223,230
Between one and five years	485,415	1,478,290	485,415	1,478,290
	1,993,845	3,701,520	1,993,845	3,701,520
28.2 Amounts recognised in profit or loss:				
Interest expense on lease liabilities	451,080	579,155	451,080	579,155
Expense relating to leases of low-value assets (included in Other Operating Expenses)	2,107,200	2,107,200	2,107,200	2,107,200
	2,558,280	2,686,355	2,558,280	2,686,355
28.3 Amounts recognised in statement of cash flow on SLFRS 16 - Leases				
Lease repayment	2,524,500	2,163,000	2,524,500	2,163,000
	2,524,500	2,163,000	2,524,500	2,163,000

Notes to the Financial Statements

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
29 TRADE AND OTHER PAYABLES				
Trade Creditors	1,849,193,496	1,267,798,509	1,786,045,794	1,259,226,181
Other Payables	200,196,984	168,105,821	92,138,066	45,431,238
	2,049,390,480	1,435,904,330	1,878,183,860	1,304,657,419
30 AMOUNTS DUE TO RELATED COMPANIES				
Sierra Industries (Private) Limited	-	-	504,594	30,666
Mayleen Kenya Limited	1,205,467	52,777	-	-
	1,205,467	52,777	504,594	30,666

31 IMPORT DEMAND LOANS

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
As at 31st March				
Balance as at 1st April	650,751,568	1,026,225,271	586,857,627	817,779,757
Loans Obtained	3,174,467,997	2,328,229,714	3,168,422,997	2,249,150,406
Repayments	(2,603,101,860)	(2,703,703,417)	(2,533,162,919)	(2,480,072,536)
Balance as at 31st March	1,222,117,705	650,751,568	1,222,117,705	586,857,627

32 CONTINGENT LIABILITIES

The following contingent liabilities exist as at the reporting date on account of guarantees given by the Company as at 31st March 2021.

GUARANTEES PROVIDED ON BEHALF OF THE SUBSIDIARY

32.1 Sierra Cables East Africa Limited USD 990,000/-

This Corporate guarantees has been provided to Commercial Bank of Ceylon PLC on behalf of the subsidiary company for One off Letter of Credit and Term Loan facility, where repayment terms are 60 monthly installments with one year grace period.

32.2 Sierra Industries (Private) Limited Rs. 250,000,000

This Corporate guarantees has been provided to Commercial Bank of Ceylon PLC on behalf of the subsidiary company for One off Letter of Credit, Overdraft and Import Demand Loan facility.

32.3 Sierra Industries (Private) Limited USD 361,187

This Advance Payment guarantees has been provided to China Machinery Engineering corporation on behalf of the subsidiary company for supply & Delivery of PVC pipes, fittings and special components.

32.4 Sierra Industries (Private) Limited USD 504,507

This Performance Bond has been provided to China Machinery Engineering corporation on behalf of the subsidiary company for supply & Delivery of PVC pipes, fittings and special components.

32.5 Sierra Industries (Private) Limited RS.46,000,000

This Corporate guarantee has been provided to Commercial Bank of Ceylon PLC on behalf of the subsidiary company for Performance Guarantee facility.

There are no material contingent liabilities outstanding as at the reporting date other than as disclosed above which require adjustments to or disclosures in the Financial Statements.

33 COMMITMENTS

There were no material Capital Commitments as at the reporting date.

There were no any material issues pertaining to employees and industrial relations of the entity for the financial year ended 31st March 2021.

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no circumstances that have arisen since the Reporting date, which would require adjustments to, or disclosure in the Financial Statements.

35 ASSETS PLEDGED AS SECURITY AND REPAYMENT TERMS

The following assets have been pledged as securities against the long term and short term borrowings that have been disclosed in Notes 27 and 31 to the Financial Statement respectively.

Sierra Cables PLC

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount outstanding as at the end of the year	Securities pledged
Commercial Bank of Ceylon PLC					
	(1) Overdraft Facility	Rs. 40 Mn	AWPLR+1.5% p.a	Rs. 2,385,283	A Primary Bond for Rs.550 Mn and A Secondary Mortgage Bond for Rs.500 Mn executed over the land and buildings,Plant and Machinery and equipment Primary Mortgage Bond for Rs. 490 Mn executed over stocks & Trade receivables
	(2) Import Loan Facility	Rs. 1.5 Billion	AWPLR+1.5% p.a	Rs. 610,192,552	A Primary Bond Rs.550 Mn and A Secondary Mortgage Bond for Rs.500 Mn executed over the land and buildings,Plant and Machinery and equipment Primary Mortgage Bond for Rs. 490 Mn executed over stocks & Trade receivables
Bank of Ceylon					
	(1) Overdraft Facility	Rs. 25 Mn	AWPLR+2% p.a	Rs. 22,339,670	Overdraft Agreement
	(2) Hypothecation Loan	Rs.750 Mn	AWPLR+2% p.a	Rs. 65,195,377	Hypothecation over stocks intrade,raw material,and working progerss
Cargills Bank Limited					
	(1) Overdraft Facility	Rs. 25 Mn	AWPLR+2.5% p.a	Rs. 22,994,924	N/A
	(2) Import Loan Facility	Rs. 150 Mn	AWPLR+2.5% p.a	Rs. 37,943,354	N/A

Notes to the Financial Statements

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount outstanding as at the end of the year	Securities pledged
DFCC Bank					
	(1) Overdraft Facility	Rs. 50 Mn	AWPLR+1.75%	Nil	N/A
	(2) Import Loan Facility	Rs. 450 Mn	AWPLR+1.5%	Rs. 63,781,420	A Primary Bond for Rs.120 Mn and a further mortgage bond for Rs.180 Mn executed over Inventories
	(3) Term Loan Facility	Rs. 100 Mn	AWPLR 1.75 % p.a	Rs. 68,421,048	A Primary mortgage over movable assets (Solar PV system and Inveter)
HNB					
	(1) Overdraft Facility	Rs. 50 Mn	AWPLR+1.75 %	Rs. 1,271,201	Demand promissory note for Rs. 400 Mn
	(2) Import Loan Facility	Rs. 350 Mn	AWPLR+1.25 % (Weekly review)	Nil	Demand promissory note for Rs. 400 Mn
Sierra Industries (Private) Limited					
Sampath Bank PLC					
	(1) Overdraft Facility	Rs. 60 Mn	AWPLR+2.5% p.a	Rs. 63,077,726	Overdraft Agreement for Rs. 60 Mn
	(2) Import Loan Facility	Rs.100 Mn	AWPLR+2.5% p.a	Nil	Short term Import Loan Agreement for Rs. 100 Mn
					Hypothecation bond for Rs.160 Mn over Inventories and Trade receivables
	(3) Term Loan Facility	Rs.85 Mn	AWPLR+1.75% p.a	Rs. 76,600,000	Loan agreement for Rs.85 Mn
					Primary mortgage bond for Rs.85 Mn over Property
	(4) Term Loan Facility	Rs.10 Mn	4% p.a	Rs. 8,332,000	Loan agreement for Rs.10 Mn
	(5) Term Loan Facility	Rs.26 Mn	AWPLR+1% p.a	Rs. 26,000,000	Short term Import Loan Agreement for Rs. 100 Mn
					Hypothecation bond for Rs.160 Mn over Inventories
Commercial Bank					
	(1) Overdraft Facility	Rs. 25 mn	AWPLR+2% p.a	Rs. 21,902,329	Corporate guarantee for Rs. 250 Mn dated 27/03/2018 signed by Sierra Cables Plc
	(2) Import Loan Facility	Rs. 200 Mn	AWPLR+2% per annum	Nil	N/A

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount outstanding as at the end of the year	Securities pledged
Sierra Cables East Africa Limited					
Commercial Bank of Ceylon PLC					
	(1) Term Loan Facility	USD 990,000	LIBOR+5% p.a	USD. 242,040	i). Corporate Guarantee for Rupee Equivalent of USD 990,000. dated 01/12/2015 signed By Sierra Cables PLC)
					ii). General term and conditions relating Term Loan for USD 990,000 dated 01/12/2015 signed by the Company

36 RELATED PARTY DISCLOSURE

The Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures',

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregated value exceed 10% of the equity 5% of the total assets which is lower of the company as per 31st March 2020 audited financial statement, which required additional disclosures in the 2020/21 Annual report under Colombo Stock Exchange listing Rules 9.3.2 and Code of Best Practice on Related Party Transactions under the securities and Exchange Commission Directive issued under Section 13(c) of the Securities Exchange Commison Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of the consolidated revenue of the Group as per 31 March 2020 audited financial statements, which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange listing Rules 9.3.2 and Code of Best Practice on Related Party Transactions under the securities and Exchange Commission Directive issued under Section 13(c) of the Securities Exchange Commison Act.

Notes to the Financial Statements

36.1 Transactions with Related Parties

(i) Companies within the Group engage in trading transactions under normal commercial terms and conditions

Name of the Company	Nature of the Transactions	Transaction Value		Balance Outstanding as at 31st March	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Transactions with Subsidiary Companies					
Sierra Industries (Private) Limited	Amount Paid for Administration Expenses	1,277,221	4,770,234	146,918,936	166,243,382
	Funds Received from Sierra Industries Customers	(876,312)	-		
	Reimbursement of Services	-	6,918,355		
	Funds Transfers /settlements	(27,528,975)	23,370,185		
	Payments for Duty	7,803,620	11,212,479		
	Long Term Loan				
	Loan Recovery	(85,000,000)	-	34,616,300	119,616,300
	Purchase of Goods	473,928	(30,666)	504,594	(30,666)
	Settlement of Invoices	-	-		
	Sale of Goods	-	685,080	-	-
	Settlement of Invoices	-	(685,080)		
Sierra Cables East Africa Limited	Fund transfers	23,522,666	30,476,700	57,417,999	33,895,332
	Amount Paid for Pre operation Expenses	-	270,922		
	Sale of Goods	-	39,379,146	116,493,146	120,588,080
	Settlement of Invoice	(9,423,280)	(56,397,534)		
	Exchange Difference	5,328,347	9,245,590		
Transactions with Associate Companies					
Cables PTE Limited	Amount Paid for Administration Expenses	32,434	1,748,375	32,885,960	32,853,526
	Fund transfers	-	29,764,673		
Transactions with Other Related Companies					
Sierra Construction Limited	Sale of Goods	16,101,024	39,664,523	56,618,508	61,468,522
	Settlement of Invoices	(20,951,038)	(67,056,499)		
Sierra Electrical Engineering (Private) Limited		-	-	616,785	616,785
Sierra Global Networks (Private) Limited	Sale of Goods	3,345,305	3,374,698		-
	Settlement of Invoices	(1,780,393)	(3,216,748)	1,722,862	157,950
Sierra Technology Holdings (Private) Limited (Previously Known as Sierra Information Technologies (Private) Limited)	Sale of Goods	-	-	7,542,499	7,542,499
	Settlement of Invoices	-	(250,000)		
Sierra Ready-mix (Private) Limited	Sale of Goods	-	38,233	-	38,233
	Settlement of Invoice	(38,233)	-		
Sierra Development (Private) Limited	Sale of Goods	-	630,049	615,221	615,221
	Settlement of Invoice	-	-		

Name of the Company	Nature of the Transactions	Transaction Value		Balance Outstanding as at 31st March	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Sierra Maldives (Pvt) Ltd	Settlement of Invoice	-	(4,447,452)		
	Exchange Difference	-	39,059		
Sintech Engineering (Pvt) Ltd	Sale of Goods	1,022,642	620,932	-	460,489
	Settlement of Invoice	(1,483,130)	(1,650,307)		
Sierra System Engineering (Private) Limited	Sale of Goods	-	9,362,546	-	7,531,752
	Settlement of Invoice	(7,531,752)	(3,784,601)		
Mayleen Kenya Limited	Funds Received	1,138,083	-		
	Settlement	-	(1,955,006)	1,205,467	67,384

36.2 Key Management Personnel (KMP)

Key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group. Accordingly the Directors of the Company (including Executive and Non Executive Directors) have been classified as Key Management Personnel of the Group.

36.2.1 Transactions with Key Management Personnel

(i) Loans to Directors

No loans have been given to the Directors of the Company.

(ii) Key Management Personnel Compensation

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Directors' Fees	12,746,790	9,600,000	9,600,000	9,600,000
Short Term Employee Benefits	14,300,000	18,700,000	14,300,000	18,700,000
	27,046,790	28,300,000	23,900,000	28,300,000

(iii) Other Transactions With Key Management Personnel

The names of Directors of Sierra Cables PLC, who are also directors of subsidiaries and equity accounted investees companies are stated on page 15.

Details of directors and their share holdings are given on page 125. There were no other transactions with key management personnel other than those disclosed in Note 36 to the Financial Statements.

Notes to the Financial Statements

37 GOING CONCERN

37.1 Sierra Industries (Private) Limited

The Company recorded a loss of Rs. 15 Mn for the year ended 31st March 2021, and its current liabilities exceeded its current assets as at 31st March 2021 by Rs.63,293,612/-. Further, the Company's net assets are less than half of its stated capital and faces serious loss of capital situation as at the reporting date. Therefore, the management has taken the following mitigating actions to ensure that the company will be able to continue as a going concern.

The Company is currently supplying for project orders worth over Rs. 460 mn which includes National Water Supply & Drainage Board where part of the revenue is due to be recognized in the 2021/22 financial year. Moreover, Rs. 340 million worth government confirmed orders together with another Rs. 570 million private sector project orders that are currently in the final stage of evaluation are expected to generate Rs. 910 million revenue for the next financial year.

As a strategic move the Company took steps to introduce HDPE (High Density Polyethylene) pipes - a new range for the next generation in the upcoming financial year. State-of-the-art manufacturing facility is being set up exclusively for HDPE pipe range and the required certification by the Sri Lanka Standards Institution and the Water Regulations Advisory Scheme -UK (WRAS) is also under process. This new product range will be fully operational in the next financial year to cater to any requirement of the Water Board. We look forward to seizing opportunities arising from the government's aim to achieve uninterrupted provision of clean drinking water to all households over the next few years. The "Water-for-all" (Samata Wathura) endeavor to increase the pipe borne water supply by 40% is expected to increase the industry related projects carried out by the National Water Supply and Drainage Board (NWS&DB). Government had pledged to grant these projects to local manufacturers and is a promising sign for the sector and with this HDPE pipe plant we expect to grab a considerable market share in this segment as currently only two local manufacturers exist in this segment.

Accordingly, the Directors are of the view that the company is able to generate sufficient revenue during the next financial year, whereby accumulated losses could be reduced gradually. Further the parent entity will continue to provide the financial support to the company.

37.2 Sierra East Africa (Private) Limited

The Company recorded a loss of Rs. 50 Mn during the year ended 31st December 2020 (2019 - loss of Rs. 46.3 Mn) and as that date, the current liabilities exceeded the current assets by Rs. 159.7 Mn (2019 - Rs. 121.3 Mn).

The Company was incorporated in 2015 and commenced commercial operations in 2017. The Company was unable to operate at optimum capacity and recover fixed overhead due to non-availability of sufficient orders during the year under review.

With the financial support from the parent entity, purchase orders already received for orders and bids made for further orders, the Directors are of the view that the Company would be able to generate sufficient revenue during the ensuing financial year, whereby the accumulated losses could be reduced gradually. The Directors are of the view that the subsidiary is able to continue as a going concern and the financial statements of the subsidiary have been prepared on the assumption of going concern.

38. THE IMPACT OF (COVID-19) PANDEMIC

The COVID-19 outbreak, since early 2020, has brought about some uncertainties in the Group's operating environment. Sierra Cables PLC and the subsidiaries faced minor disruptions in business operations during the period under review due to travel restrictions and lockdowns imposed time to time by the government. However, the Company continued its operation uninterrupted with the safety regulations and guidelines announced by the Government of Sri Lanka. Therefore, the ultimate impact to the Sierra Cables PLC and the subsidiaries due to COVID-19 was minimal.

The COVID-19 impact on the country's economy and how businesses and consumers response is uncertain. This uncertainty created a possible increase in credit risk due to the loss of income by some of the businesses and the individuals which would delay the settlements of customer dues as well as some of the customers may default its settlements. But in the case of the Company, as the company's major customer is Ceylon Electricity Board, the recovery is assumed to be certain. Further based on the assessments made on the recoverable amounts of non-financial assets, there were no indications that required to make an adjustment into financial statements due to the COVID-19.

Impact on the liquidity of the Company

By strengthening the collection and recovery strategy, the Company was able to minimize the adverse effects of COVID-19 pandemic on its liquidity position due to the delay in recovery of trade receivables from the private businesses and organizations. This is reflected in decrease in provisions made for impairment of trade receivables to 46 Mn in the current financial year as against the 81 Mn provision made in the last financial year (Note 21.1 to the Financial Statements). The impairment of trade receivables is determined based on the expected credit loss method and assumptions used in the calculations are further discussed in Note 3.10.5 to the Financial Statements.

39 FINANCIAL RISK MANAGEMENT

39.1 Introduction and Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

i. Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and this principally arises from the Group's receivables from customers.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Trade Receivables	2,620,751,971	1,783,016,443	2,327,235,417	1,483,009,531
Amounts due from Related Companies	96,053,049	109,133,981	308,238,809	385,612,714
Balances with Banks	125,559,042	41,471,530	123,496,141	20,063,915
Loan Receivable	-	-	34,616,300	119,616,300
	2,842,364,062	1,933,621,954	2,793,586,667	2,008,302,460

Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management has established a credit policy under which each new customer is analysed individually for credit worthiness before the group standard payment and delivery terms offered.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

The aging of trade receivables at the reporting date was as follows:

As at 31st March 2021	Group		Company	
	Amount outstanding	Provision	Amount outstanding	Provision
	Rs.	Rs.	Rs.	Rs.
Past due 0-60 days	1,401,760,767	4,919,034	1,339,130,317	4,919,034
Past due 61-90 days	336,913,848	2,269,045	281,667,183	2,269,045
Past due 90-120 days	293,102,986	2,415,029	237,856,321	2,415,029
Past due 121-150 days	131,442,873	3,121,167	131,331,625	3,249,732
Past due 151-180 days	15,299,588	1,820,619	15,197,616	1,221,491
Past due 181-210 days	32,911,590	4,581,867	36,321,733	4,294,932
Past due 211-240 days	13,319,455	1,215,100	8,510,668	1,203,158
Past due 241-270 days	9,034,825	1,547,724	7,151,605	1,512,001
Past due 271-300 days	12,943,391	3,138,668	12,983,136	3,138,668
Past due 301-330 days	10,184,681	3,417,270	10,088,778	3,172,936
Past due 331-360 days	5,684,940	2,297,071	5,306,477	1,795,130
Past due Over 360 days	358,153,025	260,554,389	241,689,958	213,673,030
Total	2,620,751,971	291,296,983	2,327,235,417	242,864,187

As at 31st March 2020	Group		Company	
	Amount outstanding	Provision	Amount outstanding	Provision
	Rs.	Rs.	Rs.	Rs.
Past due 0-60 days	620,305,028	7,784,074	585,953,763	7,364,497
Past due 61-90 days	215,980,660	6,917,075	181,988,785	6,917,075
Past due 90-120 days	296,769,722	7,959,333	262,777,848	7,959,333
Past due 121-150 days	171,910,468	8,790,589	123,905,634	8,321,680
Past due 151-180 days	93,212,228	8,611,702	63,328,282	7,646,075
Past due 181-210 days	42,640,122	6,847,494	32,732,430	6,825,061
Past due 211-240 days	25,680,902	7,122,603	24,299,579	6,708,832
Past due 241-270 days	30,102,436	8,398,711	23,943,614	8,394,824
Past due 271-300 days	20,255,814	6,495,017	16,610,692	6,456,651
Past due 301-330 days	12,921,319	5,464,012	12,433,524	5,461,546
Past due 331-360 days	3,219,975	2,472,940	2,510,506	1,167,922
Past due Over 360 days	250,017,769	168,528,264	152,524,874	125,627,245
Total	1,783,016,443	245,391,816	1,483,009,531	198,850,740

The maximum exposure to credit risk for trade and other receivables is the carrying amounts at the end of the reporting period, and it is analysed by geographic regions as follows,

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Local Debtors	2,496,969,146	1,754,706,389	2,206,221,431	1,458,164,549
Foreign Debtors	123,782,825	28,310,054	121,013,986	24,844,982
	2,620,751,971	1,783,016,443	2,327,235,417	1,483,009,531
Provision for Impairment	(291,296,983)	(245,391,816)	(242,864,187)	(198,850,740)
	2,329,454,988	1,537,624,627	2,084,371,230	1,284,158,791

Balances with Banks

The Group has a number of bank deposits, these deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

ii. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

Group

As at 31st March 2021	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Derivative Financial Liabilities					
Trade and Other Payables	2,049,390,480	-	-	-	2,049,390,480
Borrowings	1,296,730,165	142,094,560	-	-	1,438,824,725
Lease Liabilities	1,508,430	485,415	-	-	1,993,845
Bank Overdraft	132,699,932	-	-	-	132,699,932
As at 31st March 2020	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Derivative Financial Liabilities					
Trade and Other Payables	1,435,904,330	-	-	-	1,435,904,330
Borrowings	861,313,286	113,244,087	-	-	974,557,373
Lease Liabilities	2,223,230	1,478,290	-	-	3,701,520
Bank Overdraft	186,423,083	-	-	-	186,423,083

Notes to the Financial Statements

Company

As at 31st March 2021	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Non- Derivative Financial Liabilities					
Trade and Other Payables	1,878,183,861	-	-	-	1,878,183,861
Borrowings	1,230,012,444	60,526,308	-	-	1,290,538,752
Lease Liabilities	1,508,430	485,415	-	-	1,993,845
Bank Overdraft	47,719,877	-	-	-	47,719,877

As at 31st March 2020	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Non- Derivative Financial Liabilities					
Trade and Other Payables	1,304,657,419	-	-	-	1,304,657,419
Borrowings	766,607,625	75,000,000	-	-	841,607,625
Lease Liabilities	2,223,230	1,478,290	-	-	3,701,520
Bank Overdraft	101,349,413	-	-	-	101,349,413

iii. Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates- will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

(a) Currency Risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Sri Lankan Rupees. The foreign currencies in which these transactions primarily denominated are United States Dollars (USD) and Euro.

Exposure to Currency Risk

The summarised quantitative data about the Group's exposure to currency risk as reported to the Management of the Group based on its risk management policy was as follows:

	Group		Company	
As at 31st March	2021	2020	2021	2020
	USD	USD	USD	USD
Trade Receivables	657,071	157,743	642,374	138,435
Trade Payables	(9,027,151)	(6,858,231)	(8,729,912)	(6,853,437)
Net Statement of Financial Position Exposure	(8,370,080)	(6,700,489)	(8,087,538)	(6,715,002)

As at 31st March	2021	2020
	USD	USD
Trade Payables - Foreign Creditors	9,027,151	6,858,231
Gross Statement of Financial Position Exposure	9,027,151	6,858,231

The following significant exchange rates were applicable during the year

As at 31st March	Average Rate		Reporting Date Spot Rate	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
USD	188.39	179.47	199.0	189.8

Sensitivity Analysis

Fluctuation the Rs, as indicated below, against the USD at 31st March 2021 would have increased/(decreased) the Equity and Profit or Loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Strengthening	Weakening
	Profit or Loss	Profit or Loss
	Rs.	Rs.
31st March 2021		
USD (10% Movement)	179,640,312	(179,640,312)
31st March 2020		
USD (10% Movement)	130,169,225	(130,169,225)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Groups exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligation. The Group utilises various financial instruments to manage exposures to interest rate risks.

At the reporting date, the Group's interest-bearing financial instruments were as follows:

As at 31st March	Carrying Amount	
	2021	2020
	Rs.	Rs.
Variable Rate Instruments		
Financial Liabilities		
Long Term Loans	216,707,020	323,805,805
Import Demand Loans	1,222,117,705	650,751,568
Bank Overdrafts	132,699,932	186,423,083
	1,571,524,657	1,160,980,456

Notes to the Financial Statements

Cash Flow Sensitivity Analysis for Variable Rate Instruments

The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

As at 31st March	Profit or Loss	
	100 bp Increase	100 bp Decrease
	Rs.	Rs.
31st March 2021		
Variable Rate Instruments	(15,715,247)	15,715,247
Cash Flow Sensitivity (Net)	(15,715,247)	15,715,247

39.2 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain share holder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's Net Debt to adjusted Equity ratio at the end of the reporting period was as follows:

As at 31st March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Total Liabilities	3,931,614,872	2,876,208,852	3,491,559,001	2,485,722,222
Less: Cash and Cash Equivalents	(125,559,042)	(41,471,530)	(123,496,141)	(20,063,915)
Net Debt	3,806,055,830	2,834,737,322	3,368,062,860	2,465,658,307
Total Equity	2,718,379,980	2,021,981,623	2,569,234,329	1,964,377,867
Net Debt to Equity Ratio	140%	140%	131%	126%

There were no changes in the Group's approach to Capital Management during the year and the Group is not subject to externally imposed capital requirements.

40 FAIR VALUE MEASUREMENT

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 : Valuation techniques based on observable inputs.

Level 3 : Valuation techniques using significant unobservable inputs

40.1 Financial Instruments carried at Fair Value and Valuation Bases

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

As at 31st March 2021	Company			
	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Fair Value through OCI	29,017,194	-	-	29,017,194
Derivatives - Fair Value through PL	-	24,909,645	-	24,909,645
	29,017,194	24,909,645	-	53,926,839

As at 31st March 2020	Company			
	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Fair Value through OCI	20,402,447	-	-	20,402,447
Derivatives - Fair Value through PL	-	2,479,949	-	2,479,949
	20,402,447	2,479,949	-	22,882,396

40.2 Fair Value of Financial Instruments carried at Amortized Cost

The following table summarizes the carrying amounts and the Group's estimate of fair values of those financial assets and liabilities not presented on the Group's Statement of Financial Position at fair value.

As at 31st March 2021	2021	
	Carrying Amount	Fair Value
	Rs	Rs
Assets		
Cash and Cash Equivalents	125,559,042	125,559,042
Trade and Other Receivables	2,329,454,988	2,329,454,988
Loan Due from Related companies	34,616,300	34,616,300
Amounts due from Related Companies	96,053,049	96,053,049
Liabilities		
Trade and Other Payables	2,049,390,480	2,049,390,480
Interest Bearing Borrowings	1,438,824,725	1,438,824,725
Amount Due to Related company	1,205,467	1,205,467
Bank Overdraft	132,699,932	132,699,932

Notes to the Financial Statements

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as these are short term in nature.

Trade and Other Receivables

Trade and other receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Tax recoverable, deposits & prepayment, prepayment to suppliers and advances amounting is Rs. 31,716,807 (2020 - Rs. 280,971,768) have been excluded as they are not financial instruments.

Trade and Other Payables

Trade and other payables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Interest Bearing Borrowings

Long term borrowings are repriced either monthly, quarterly or semi annually in line with the changes in the market rates. Hence carrying value of these borrowings approximate the fair value. Other borrowings are short term in nature and hence carrying value approximate the fair value.

40.3 Categorization of Financial Assets and Liabilities as at the Reporting Date

As at 31st March 2021	Classification				Fair Value	
Group 2021	Amortized Cost	FVOCI	FVTPL	Other Financial Liabilities	Level 1	Level 2
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Instrument						
Trade and Other Receivables	2,329,454,988	-	-	-	-	-
Amount due from Related Parties	96,053,049	-	-	-	-	-
Other Financial Assets	-	29,017,194	-	-	29,017,194	-
Cash and Cash Equipments	125,559,042	-	-	-	-	-
Derivative Financial Assets	-	-	24,909,645	-	-	24,909,645
Financial liabilities						
Trade and Other Payables	-	-	-	2,049,390,480	-	-
Interest Bearing Borrowings	-	-	-	1,438,824,725	-	-
Amounts due to Related Companies	-	-	-	1,205,467	-	-
Bank Overdraft	-	-	-	132,699,932	-	-

Group 2020	Classification				Fair Value	
	Amortized Cost	FVOCI	FVTPL	Other Financial Liabilities	Level 1	Level 2
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Instrument						
Trade and Other Receivables	1,818,596,396	-	-	-	-	-
Amount due from Related Parties	109,133,981	-	-	-	-	-
Other Financial Assets	-	20,402,447	-	-	20,402,447	-
Cash and Cash Equipments	41,471,530	-	-	-	-	-
Derivative Financial Assets	-	-	2,479,949	-	-	2,479,949
Financial liabilities						
Trade and Other Payables	-	-	-	1,435,904,330	-	-
Interest Bearing Borrowings	-	-	-	974,557,373	-	-
Amounts due to Related Companies	-	-	-	52,777	-	-
Bank Overdraft	-	-	-	186,423,083	-	-

Quarterly Performance

Income Statement

For the Three Months Ended,	2020/21			
	30th June	30th September	31st December	31st March
	Rs.	Rs.	Rs.	Rs.
Company				
Revenue	670,434,304	1,423,348,733	1,520,747,327	1,640,084,682
Cost of Sales	(587,698,458)	(1,196,211,634)	(1,261,313,169)	(1,350,634,568)
Gross Profit	82,735,846	227,137,099	259,434,158	289,450,114
Other Income	9,917,454	15,769,722	11,490,039	41,666,200
Selling and Distribution Expenses	(46,718,718)	(60,604,636)	(66,581,207)	(94,320,839)
Administrative Expenses	(24,452,655)	(28,078,898)	(28,774,751)	(28,073,536)
Other Operating Expenses	-	(6,392,386)	(10,000,000)	(64,769,419)
Profit/(Loss) from Operations	21,481,927	147,830,901	165,568,239	143,952,520
Net Finance Costs	(40,766,674)	(29,462,792)	(20,458,637)	(60,761,077)
Profit/(Loss) Before Taxation	(19,284,747)	118,368,109	145,109,602	83,191,444
Income Tax Expense	-	(12,000,000)	(15,000,000)	(3,891,879)
Profit/(Loss) for the period	(19,284,747)	106,368,109	130,109,602	79,299,564

Statement of Financial Position

As at,	2020/21			
	30th June	30th September	31st December	31st March
	Rs.	Rs.	Rs.	Rs.
Company				
Assets	4,245,649,403	4,854,542,011	5,507,170,229	6,060,793,330
Liabilities	2,302,957,708	2,909,054,856	2,959,389,158	3,491,559,001
Net Assets	1,942,691,695	1,945,487,155	2,547,781,071	2,569,234,329
Stated Capital	894,565,898	894,565,898	894,565,898	894,565,898
Reserves	1,048,125,797	1,050,921,257	1,653,215,173	1,674,668,431
Stated Capital and Reserves	1,942,691,695	1,945,487,155	2,547,781,071	2,569,234,329

Shareholder Information

Distribution of Shareholders

Shareholding From -To	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1000	13,929	12,406,708	2.31%	13,897	12,513,662	2.33
1,001-10,000	6,478	15,750,128	2.93%	6,419	15,138,597	2.82
10,001-100,000	919	28,257,096	5.26%	916	30,863,604	5.74
100,001-1,000,000	130	36,876,001	6.86%	200	57,778,586	10.75
1,000,001-10,000,000	18	444,222,497	82.64%	24	421,217,981	78.36
Total	21,474	537,512,430	100.00%	21,456	537,512,430	100.00

Composition of Shareholders	As at 31st March 2021			As at 31st March 2020		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	21,432	533,063,103	99.17	21,406	531,095,160	98.81
Non-Resident	42	4,449,327	0.83	50	6,417,270	1.19
Total	21,474	537,512,430	100.00	21,456	537,512,430	100.00
Individual	21,210	110,729,588	26.48	21,178	142,334,546	26.48
Institutional	264	426,782,842	73.52	278	395,177,884	73.52
Total	21,474	537,512,430	100.00	21,456	537,512,430	100.00

Directors Shareholding

	As at 31st Mar 2021	As at 31st Mar 2020
Mr. D S Panditha	17,601,297	17,601,297
Mr. W A P Perera	3,920,510	3,920,510
Ms. G S M Irugalbandara	1,709,800	1,709,800
Ms. S N Lokuge	-	100,000
Mr. E A D T B Perera	10	10
Prof. A K W Jayawardena	-	-
Mr. B W N Rupasinghe	-	-
Mr. M N Gunasekera	-	-
Mr. F A W Irugalbandara (Alternate Director)	200,010	200,010
Ms. E A D T A Perera (Alternate Director)	-	-
	23,431,627	23,531,627

20 Largest Holders of Equity

No.	Name	As at 31st March 2021		As at 31st March 2020	
		Shareholding	%	Shareholding	%
1	Sierra Holdings (PVT) LTD	312,335,490	58.11	312,335,490	58.11
2	Hatton National Bank PLC/ Carlines Holdings (PVT) LTD	56,479,373	10.51	21,728,038	4.04
3	Mr. D S Panditha	17,601,297	3.27	17,601,297	3.27
4	Hatton National Bank PLC/ Almas Organisation(PVT) LTD	9,792,803	1.82	-	
5	Amana Bank PLC/ Almas Organisation (PVT) LTD	9,449,623	1.76	20,988,786	3.90
6	Macksons Holdings (PVT) LTD	6,534,112	1.22	2,148,085	0.40
7	Mr. W A P Perera	3,920,510	0.73	3,920,510	0.73
8	People's Leasing & Finance PLC/Mr. R L Perera	3,912,866	0.73	-	
9	Tranz Dominion, L.L.C.	3,600,000	0.67	3,600,000	0.67
10	Almas Organisation (Private) Limited	3,466,799	0.64	543,399	0.10
11	Mr. D K A K Weerathunga	3,050,000	0.57	-	
12	Hatton National Bank PLC/Mr. R E Rambukwelle	2,995,000	0.56	3,392,257	0.63
13	Mr. B C S T I Rodrigo	2,600,923	0.48	-	
14	Mr. M N M Mubarak	2,100,301	0.39	1,600,000	0.30
15	Mr. A D Edussuriya	2,000,000	0.37	2,000,000	0.37
16	Ms. G S M Irugalbandara	1,709,800	0.32	1,709,800	0.32
17	Merchant Bank of Sri Lanka & Finance PLC/ Mr. R G seneviratne and Ms. A Senaviratne	1,423,600	0.26	1,423,600	0.26
18	Corona T Stores (Private) Limited	1,250,000	0.23	1,250,000	0.23
19	Mr. D M P De Zoysa	975,000	0.18	675,000	0.13
20	Seylan Bank PLC/Mr. R G Seneviratne	910,000	0.17	-	

Public Shareholding

The percentage of public shareholding as at the 31st of March 2021 was 37.53%

Compliant under option 4 - Float adjusted Market Capitalisation Rs. 3,064 Mn.

Ten Year Summary- Group

For the year ended 31 March	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating Results										
Turnover	2,476,058,520	2,141,353,995	2,284,934,549	3,482,533,154	3,036,010,858	4,044,449,473	4,069,119,607	4,699,675,203	5,563,252,957	5,498,555,123
Gross Profit	465,475,222	305,053,224	317,446,509	741,951,185	630,701,896	878,893,414	570,545,593	579,954,537	946,681,164	880,957,894
Profit From Operations	299,500,503	140,287,480	(208,594,160)	474,971,589	377,663,501	498,862,100	169,031,973	302,240,663	473,118,590	495,404,118
Profit Before Associate Company's Share of Profit	145,365,214	(18,066,589)	(376,172,873)	359,185,690	273,134,238	346,794,764	(11,975,586)	27,513,370	255,970,660	322,495,548
Profit After Tax	120,333,888	(23,181,433)	(306,478,634)	250,223,630	191,013,313	265,459,538	(38,725,906)	12,396,169	228,758,686	319,961,155
As at 31 March										
Assets										
Property Plant & Equipment	764,713,420	1,179,081,707	1,206,366,843	1,251,329,990	1,223,660,989	1,114,052,321	1,494,627,990	1,440,230,560	1,464,116,282	1,942,237,593
Other Non Current Asset	175,862,949	160,141,863	132,512,794	48,289,459	48,772,074	39,622,551	106,629,108	45,469,381	46,135,786	66,676,972
Current Assets	1,850,146,311	2,033,442,994	1,679,046,188	1,793,251,861	1,987,568,805	3,262,364,862	3,418,897,764	3,819,142,501	3,387,938,408	4,641,080,288
Total Asset	2,790,722,680	3,372,666,564	3,017,925,825	3,092,871,310	3,260,001,867	4,416,039,734	5,020,154,863	5,304,842,442	4,898,190,476	6,649,994,853
Liabilities										
Long Term Debt	64,899,854	223,720,387	185,601,577	188,532,384	142,263,090	71,484,209	97,601,618	61,585,178	113,244,086	142,094,560
Other Non Current Liabilities	67,139,542	170,403,754	106,998,021	162,580,867	217,033,415	201,002,005	304,376,702	273,262,392	263,240,870	269,535,698
Short Term Debt	78,700,864	7,766,597	128,080,471	35,393,566	72,104,387	98,056,157	238,221,924	276,052,246	186,423,083	132,699,932
Other Current Liabilities	1,205,822,048	1,230,626,382	1,230,159,988	1,245,180,730	1,285,901,220	2,359,206,714	2,548,651,323	2,897,005,339	2,313,300,813	3,387,284,682
Shareholders' Funds										
Share Capital	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898
Reserves	450,152,746	761,924,958	461,207,379	555,812,147	644,158,268	786,971,222	928,280,433	892,087,895	1,117,937,088	1,810,913,647
Minority Interest	29,451,690	17,658,587	11,312,491	10,805,720	3,975,590	(1,842,470)	8,393,965	10,283,494	9,478,637	12,900,438
Ratios										
Total Assets/Equity	2.03	2.01	2.21	2.12	2.11	2.63	2.74	2.95	2.42	2.45
Turnover/Assets	0.89	0.63	0.76	1.13	0.93	0.92	0.81	0.89	1.14	0.83
Net Margin(%)	4.86	(1.08)	(13.41)	7.19%	6.29	6.56%	(0.95%)	0.26%	4.11%	5.82%
Return on Equity(%)	8.95	(0.77)	(21.46)	18.10%	12.41	16.13%	(1.51%)	0.75%	11.82%	13.34%
Return on Assets(%)	4.31	(0.72)	(10.16)	8.09%	5.86	6.01%	(0.77%)	0.23%	4.67%	4.81%
Share Information										
Earnings per Share	0.22	(0.02)	(0.54)	0.49	0.36	0.50	(0.05)	0.02	0.43	0.60
Price Earnings Ratio	14.67	(104.53)	(3.14)	8.19	8.16	6.23	(43.10)	64.24	4.92	9.48
Net Assets Per share	2.50	3.08	2.52	2.70	2.86	3.12	3.39	3.39	3.74	5.03

Glossary

Actuarial Gains and Losses

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

Assets Held for Sale

Non derivative financial assets that are designated as available for sale or are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

Cash Equivalents

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

Contingent Liabilities

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

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.

Earnings Per Share

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

Fair Value

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.

Financial Liabilities

Any liability that is a contractual obligation to deliver cash or another financial assets to another entity.

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets Value Per Share

Net assets as at a particular financial year end divided by the number of shares in issue as at the current financial year end.

Non-Controlling Interest

The interest of individual shareholders, in a company more than 50% of which is owned by a holding Company.

Other Comprehensive Income

An entry that is generally found in the shareholders' equity section of the balance sheet.

Public Holding

Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Remuneration

Basic salary plus additional amounts such as those based on years of service, bonuses, benefit payments, overtime, time owed, and any additional allowances.

Return on Capital Employed

Earning before interest and tax as percentage of capital Employed.

Stakeholders

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the organisation's activities, products, and services. Stakeholders can include those who are invested in the organisation.

Working Capital

Capital required to finance day to day operations, computed as the excess of current assets over current liabilities.

Notice of Meeting

Sierra Cables PLC

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of SIERRA CABLES PLC (the Company) will be held on 30th September 2021 at 11.00 a.m. at No : 23, Havelock Road, Colombo 5. via online meeting platform.

AGENDA

- 1) To receive and consider the Report of the Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2021 and the Report of the Auditors thereon..
- 2) To re-elect Mr. B.W.N.Rupasinghe who retire by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offer himself for re-election.
- 3) To re-elect Prof.A.K.W.Jayawardane who retire by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offer himself for re-election.
- 4) To re-elect Ms. E.A.D.T.A.Perera, who was appointed to the Board on 13th May 2021 is to retire in terms of Articles 97 of the Articles of Association Company and being eligible, offers herself for re-election.
- 5) To re-elect Mr.PE.A.B. Perera, who was appointed to the Board on 13th May 2021 is to retire in terms of Articles 97 of the Articles of Association Company and being eligible, offers himself for re-election.
- 6) To re-appoint Messrs KPMG Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD OF DIRECTORS OF

SIERRA CABLES PLC

P. R. SECRETARIAL SERVICES (PRIVATE) LIMITED

Secretaries

At Colombo, this 8th September 2021

Note:

- A Member entitled to attend and vote at the meeting, is entitled to appoint a Proxy to attend and vote instead of him/her.
- A Proxy need not be a Member of the Company.
- A Member wishing to vote by Proxy at the meeting may use the Form of Proxy form enclosed.
- Any member or Proxy holder attending the meeting is kindly requested to bring this report.
- The completed Form of Proxy should also be deposited at the Secretaries of the Company, P.R. Secretarial Services (Private) Limited, No. 59, Gregory's Road, Colombo 07 not less than forty-eight (48) hours before the time appointed for holding of the meeting.
- For security reasons, Members. Proxy holders are kindly advised to bring along with them their National Identity Card or similar for of acceptance identity when attending the meeting.

Notes

Form of Proxy

Sierra Cables PLC

I/We.....of

.....being a Member/Member* of the above named Company, hereby appoint

(1).....of.....failing him/her.

- (2) Mr. W. A. P. Perera, or failing him
 (3) Mr. D. S. Panditha, or failing him
 (4) Ms. G. S. M. Irugalbandara, or failing her
 (5) Prof. A. K. W. Jayawardane, or failing him
 (6) Mr. B. W. N. Rupasinghe, or failing him
 (7) Ms. S. N. Lokuge, or failing her
 (8) Ms. E.A.D.T.A.Perera or failing her
 (8) Mr. M. N. Gunasekara, or failing him
 (9) Mr. P.E.A.B. Perera

as my/our* Proxy to represent me/us* and vote and speak for me/us* on my/our* behalf at the **18th Annual General Meeting** of the Company to be held on 30th September 2021 at 11.00 a.m. at No : 23, Havelock Road, Colombo 5. and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

I/WE INDICATE MY/OUR VOTE ON THE RESOLUTIONS BELOW AS FOLLOWS;

	For	Against
1. To receive and consider the Audited Financial Statements for the year ended 31st March 2021 and the Report of the Auditors thereon.	<input type="radio"/>	<input type="radio"/>
2. To re-elect Mr. B.W.N.Rupasinghe who retire by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offer himself for re-election.	<input type="radio"/>	<input type="radio"/>
3. To re-elect Prof.A.K.W.Jayawardane who retire by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offer himself for re-election.	<input type="radio"/>	<input type="radio"/>
4. To re-elect Ms. E.A.D.T.A.Perera, who was appointed to the Board on 13th May 2021 is to retire in terms of Articles 97 of the Articles of Association Company and being eligible, offers herself for re-election.	<input type="radio"/>	<input type="radio"/>
5. To re-elect Mr.P.E.A.B. Perera, who was appointed to the Board on 13th May 2021 is to retire in terms of Articles 97 of the Articles of Association Company and being eligible, offers himself for re-election.	<input type="radio"/>	<input type="radio"/>
6) To re-appoint Messrs KPMG Chartered Accountants as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="radio"/>	<input type="radio"/>

Signed thisday of.....2021.

.....
 Signature of shareholder

Note: (i) Please delete the inappropriate words. (ii) Instructions for completion of Proxy are noted below. (iii) A Proxy need not be a member of the Company. (iv) Please mark "X" in appropriate cages, to indicate your instructions as to voting.

Form of Proxy

INSTRUCTIONS FOR THE COMPLETION OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name, National Identity Card/Passport/ Company Registration Number, your address and your instructions as to voting and by signing in the space provided and filing in the date of signature. Please ensure that all details are legible.
2. Please mark "X" in appropriate cages, to indicate your instructions as to voting on each resolution. If no indication is given, the Proxy holder in his/her discretion will vote as he/her thinks fit.
3. To be valid, the completed Form of Proxy must be deposited at the office of the Company Secretaries P. R. Secretarial Services (Private) Limited, No.59, Sirimath R.G. Senanayake Mawatha, Colombo 07 not less than 48 hours before the time appointed for the holding of the meeting.
4. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your Proxy, please insert the relevant details (1) overleaf and initial against this entry.
5. In the case of a Company/Corporation, the Proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by Articles of Association/ Act of Incorporation.
6. In the case of a Proxy signed by an Attorney, a certified copy of the Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

Corporate Information

Name of the Company

Sierra Cables PLC

Company Registration No.

PQ 166 (Under Companies Act No.07 of 2007)

Registered Office

No.112, Havelock Road, Colombo 05.

Domicile and Legal Form

Sierra Cables PLC is a Limited Liability Company incorporated and domiciled in Sri Lanka.

Principal place of business is located at 39/1 A, Galvarusa Road, Korathota, Kaduwela.

Tel : +94 11 4412000 - 4

Fax : +94 11 2770291, +94 11 4412573

E-mail : info@sierracables.com

Web : www.sierracables.com

Company is listed on the Colombo Stock Exchange (CSE) since 22nd November 2005.

Subsidiary Companies

Sierra Industries (Private) Limited

Sierra Cables East Africa Limited, Kenya

Equity-Accounted Investees

T & G Lanka (Private) Limited - Associate

Tea Leaf Resorts (Private) Limited - Associate

Cables PTE Limited, Fiji - Joint Venture

Company Secretaries

Messrs P.R. Secretarial Services (Private) Limited

No.59, Gregory's Road, Colombo 07.

Tel : +94 11 2671439, +94 11 2671441

E-mail : info@prsslk.com

Auditors

Messrs KPMG, Chartered Accountants

No.32 A, Sir Mohamed Macan Markar Mawatha,
P.O. Box 186, Colombo 03.

Tel : +94 11 5426426

Fax : +94 11 2445872

Legal Advisors

Messrs Paul Ratnayake Associates

No.59, Gregory's Road, Colombo 07.

Tel : +94 11 2697893, +94 11 2697894

E-mail : info@prlaw.lk

Bankers

Bank of Ceylon

Cargills Bank Limited

Commercial Bank of Ceylon PLC

DFCC Bank PLC

Hatton National Bank PLC

Peopless Bank

Sampath Bank PLC

Standard Chartered Bank

Principal Activities and Nature of Operations

The principal activity of the company is manufacturing, marketing and distribution of power cables.

Parent Enterprises and Ultimate Parent Enterprise

In the Directors' opinion, the company's ultimate parent undertaking and controlling party is Sierra Holdings (Private) Limited which is incorporated in Sri Lanka.

Number of Employees

The number of employees at the end of the financial year was 276 (2019/20 - 290)

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