



Powering Growth, Shaping Success

Sierra Cables PLC / Annual Report 2022-23



Powering Growth, Shaping Success

Having surpassed adversity and hardship, we at Sierra Cables are proud to have achieved the extraordinary. Delivering a level of quality that is truly unmatched, and being recognised for our work as the leading cable manufacturer in the country, it has truly been a remarkable feat, achieved through hard work, determination and courage. However among all these values, one aspect keeps us focused and in line and that is our pursuit of excellence.

Renowned for their skill and professionalism, our team has been an integral component in our year; helping us to widen our market horizons while elevating our standards to new heights, all while powering growth and shaping success.

Content

ABOUT US

Our Purpose	3
About Sierra Cables PLC	4
Financial Highlights (Group)	5
Our Journey Milestones	6
Chairman's Message	7
Chief Executive Officer's Message	9
Board of Directors	12

MANAGEMENT DISCUSSION & ANALYSIS

Operating Environment	16
Financial Review	17
Our Customers and Key Stakeholders	20
Our Employees	24
Environmental Sustainability	28

CORPORATE GOVERNANCE

Corporate Governance	31
Risk Management Review	40
Report of The Board Audit Committee	43
Report of The Board Remuneration Committee	45
Report of The Board Related Party Transactions Review Committee	46

FINANCIAL STATEMENTS

Statement of Directors' Responsibility	48
Annual Report of The Board of Directors on The Affairs of Sierra Cables PLC	49
Independent Auditors' Report	52
Income Statement	56
Statements of Profit or Loss and Other Comprehensive Income	57
Statement of Financial Position	58
Consolidated Statement of Changes in Equity	60
Company Statement of Changes in Equity	61
Statement of Cash Flow	62
Accounting Policies	64
Notes to the Financial Statements	75

SUPPLEMENTARY INFORMATION

Supplementary Information	108
Shareholder Information	109
Ten Year Summary- Group	111
Notes	112
Notice of the Annual General Meeting	114
Form of Proxy	115
Corporate Information	Inner Back Cover

CHAIRMAN'S MESSAGE

Page

7

Despite the policy interventions to control supply chain shortages, industry activities contracted by 16 percent in 2022 compared to 5.7 percent..... [\(Read More\)](#)

CHIEF EXECUTIVE OFFICER'S MESSAGE

Page

9

Having established a strong foothold in the local and international sphere, we are aware of the market needs of the customers and hence strive to develop..... [\(Read More\)](#)

CORPORATE GOVERNANCE

Page

31

INCOME STATEMENT

Page

56

Our Purpose

CULTURE, ETHICS & CORPORATE VALUES

OUR CULTURE

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 the environment

Stakeholder engagement:

Pro active and continuous engagement

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 Goal

Manufacture innovative product ranges and to be the pioneer in the cable industry.

To extend our footprint beyond Sri Lanka's geographical boundaries.

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



About Sierra Cables PLC



Sierra Cables PLC stands as a prominent and influential player in the cable manufacturing industry in Sri Lanka, with a strong foothold in the international market. For decades, the Company has designed, manufactured, supplied and exported a wide range of copper and aluminium cable products for a diverse clientele that includes residential, commercial and industrial sectors in Sri Lanka and overseas. Leveraging the latest state-of-the-art technology in cable manufacturing, the Company remained well-equipped to cater to the varied customer requirements providing cables in diverse current conducting capacities and other technical specifications to ensure customer satisfaction. The Company was established in 1999 and subsequently listed on the Colombo Stock Exchange in November 2005. The Company's main manufacturing plant is located in Kaduwela, Sri Lanka.

In our vision of becoming a global supplier of cables, we have successfully expanded our market presence in Fiji through our joint venture, Sierra Cables PTE Limited. This strategic move has strengthened our position in this market. Additionally, Sierra Industries (Private) Limited, one of our subsidiaries, specialises in the manufacturing and marketing of top-notch HDPE pipes, uPVC pipes and fittings, leveraging advanced technology.

Our commitment to delivering outstanding products is evident in our meticulous selection of highest quality raw materials and adherence to stringent quality standards. This dedication is reinforced by a diverse range of local and international certifications we have attained. These certifications include ISO product certification, Sri Lanka Standards (SLS) product certification, and compliance with renowned international standards such as those established by the United Kingdom (BS), Australia (AS), New Zealand (NZS), France (NFC), Japan (JIS), USA (ASTM,US) and International Electrotechnical Commission (IEC). Furthermore, our products have also undergone rigorous testing and obtained certifications from esteemed institutions like Singapore (TUV), India (Central Power Research Institute-India), and France (LCIE testing Laboratory).

Among the many accolades we have received for our unwavering commitment to product quality and excellence, the most recent awards during the financial year 2022/23 include the 'Gold award' in the medium category of the electronic and electrical products sector in recognition of export performance by the National Chamber of Exporters of Sri Lanka, 'Best Cable Manufacturer of the Year' large category in energy, industrial and communications sectors at South Asian Business Excellence Awards 2022 and the Certificate of Ethical Trading (CET) by the National Chamber of Exporters Sri Lanka.

Our workforce, being the backbone of the Company, plays a vital role in driving business growth aligned with the Company's business goals and creating growth opportunities. Therefore, the Management of Sierra Cables PLC has ensured a conducive work culture for all its employees with continuous opportunities for professional and personal capacity improvement, including the best standards of health and safety at the workplace to bring out the best in them in creating value for all stakeholders.



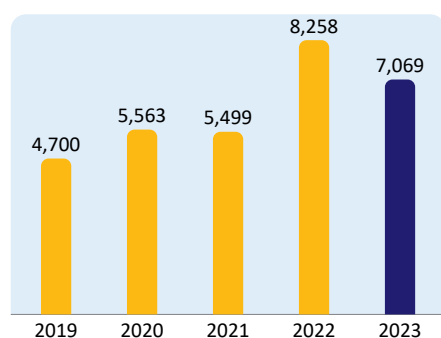
Financial Highlights (Group)

For the year ended 31st March 2023	2023	2022
Net Turnover	7,069,360,002	8,257,835,280
Gross Profit	2,564,786,486	1,544,135,340
Operating Profit	1,725,536,198	1,078,940,198
Profit After Tax	703,352,327	471,680,985
Issued and fully paid Number of Shares	537,512,430	537,512,430
Total Assets	7,691,464,158	8,070,655,345
Return on Equity (ROE)	16%	12%

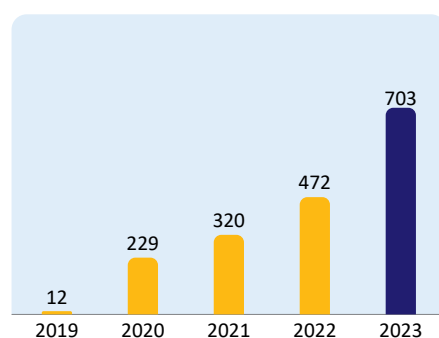
Per Share (LKR)

Market Value - Highest	14.80	18.50
Lowest	5.20	6.50
Last Traded	12.00	6.80
Earnings	1.32	0.87
Net Assets Value	7.97	7.01

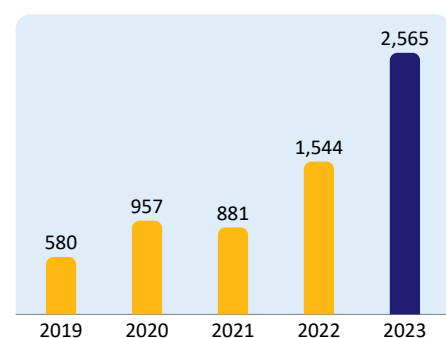
Net Turnover
Rs. Mn



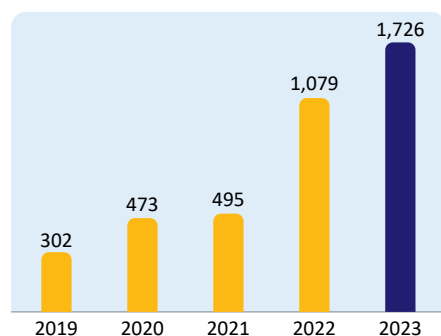
Profit After Tax
Rs. Mn



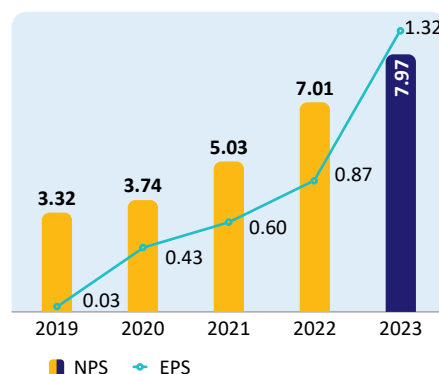
Gross Profit
Rs. Mn



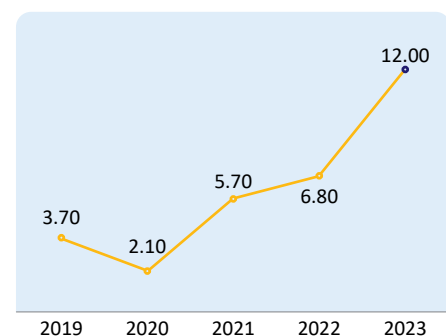
Operating Profit
Rs. Mn



NPS & EPS
Rs. Mn

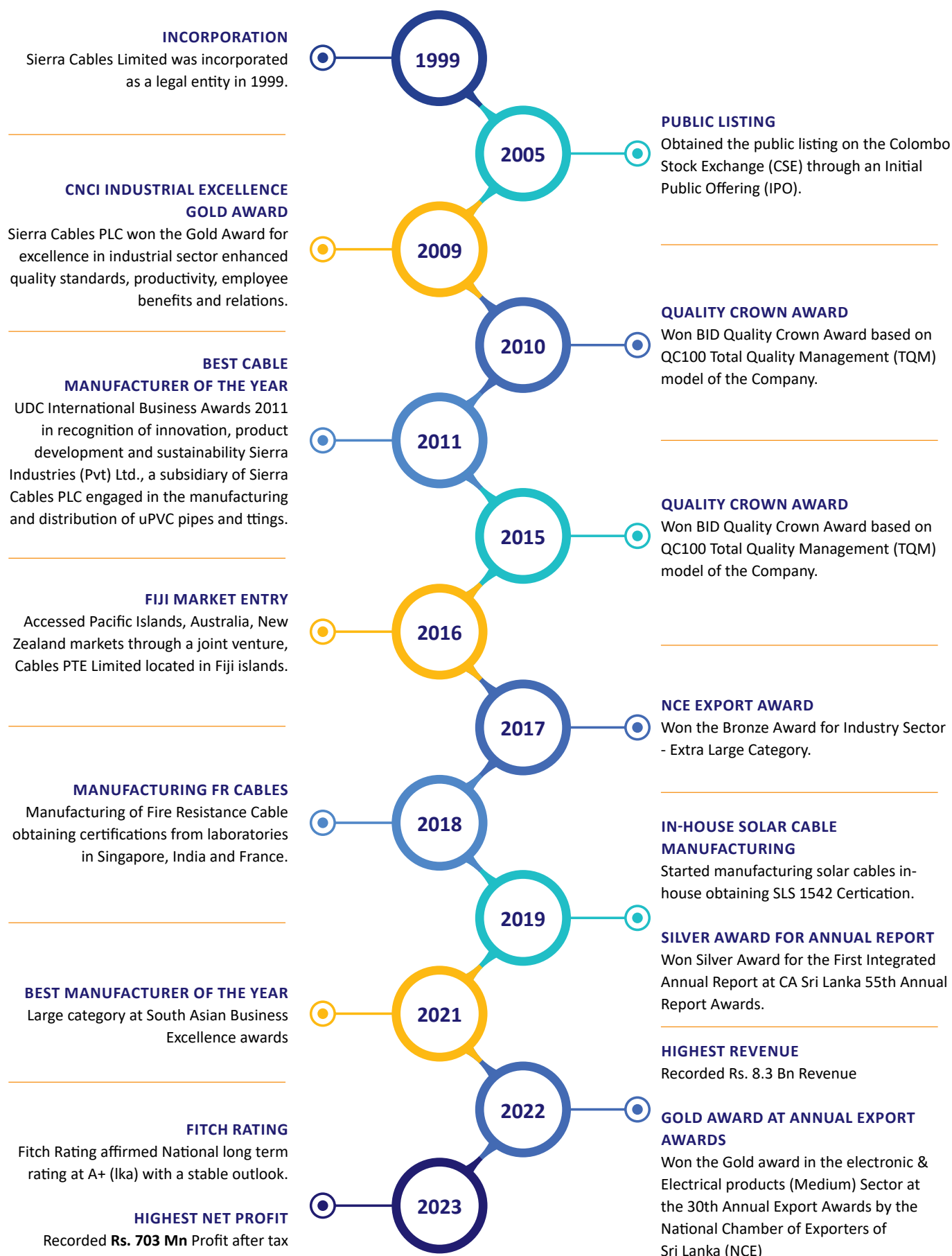


Share Price
Rs.



■ NPS ◆ EPS

Our Journey Milestones



Chairman's Message

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Despite the external upheavals, we were determined to deliver value to our stakeholders, consistently being focused on sustaining the superior quality of our products and meeting the specific requirements of each of our targeted customer segments.

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Dear Shareholders,

I am pleased to present to you the 20th Annual Report of Sierra Cables PLC for the financial year ended 31st March 2023, which recorded a remarkable performance amidst a volatile economic and political backdrop. Our consistent effort in pursuing excellence through delivering quality products to our valued clientele leveraging the latest industry know-how, and resilience of our team to achieve the best have placed us at a greater altitude, demonstrating record-breaking success during the year and consolidating our position as a leading cable manufacturer in the Country.

OPERATING ENVIRONMENT

The Sri Lankan economy, which was weakened as a result of the prolonged pandemic, was showing signs of recovery at the commencement of the financial year. Nevertheless, the macroeconomic instability led by unsustainable debt and the severe balance of payment crisis plunged the country into an acute economic crisis creating a negative impact on growth. The hardest economic downturn since independence, Sri Lanka's economy contracted by 7.8 percent, with all the key economic sectors experiencing a downturn. The intensifying economic crisis and the foreign currency scarcity led to many

impediments, including the rise in the cost of essential items adding to the cost-of-living pressures, shortages in fuel, gas, raw material and other imported items, and prolonged power cuts generating widespread public and social unrest during the first half of the year. Inflation also soared, pushing down living standards and leading to an increase in poverty. The impact of the economic crisis on the poor and vulnerable in society was acute. Amidst depleted reserves, the rupee value also continued to drop against the US dollar.

Industry activities were impacted for most of the financial year due to the energy crisis, shortages of raw materials owing to lack of liquidity as well as the subdued demand conditions that prevailed due to the deterioration of purchasing power. Despite the policy interventions to control supply chain shortages, industry activities contracted by 16 percent in 2022 compared to 5.7 percent in the previous year. The manufacturing and construction activities demonstrated a subdued performance led by the contraction of Industry activities. Extended power cuts, shortages in fuel and key raw materials, logistic issues, and subdued demand conditions all contributed to the setback where the manufacturing activities contracted by 12.6 percent in 2022 as opposed to the 7.4 percent recorded in 2021. The exchange rate fluctuations particularly impacted the industry and manufacturing sectors, such as Sierra Cables, that largely utilise imported raw materials for production.

STRATEGIC DIRECTION AND PERFORMANCE

Despite the external upheavals, we were determined to deliver value to our stakeholders, consistently being focused on sustaining the superior quality of our products and meeting the specific requirements of each of our targeted customer segments. Given the volatile macroeconomic landscape, we mainly focused on project customers and the export market in harnessing business opportunities during the period. On the other hand, to increase our presence in the local market, we assigned our dealer sales network to Brown and Company PLC, which belongs to our group of companies. In this way, we were able to continue our business activities, achieving our targeted strategic objectives amidst the challenges of harnessing growth opportunities in the market space. Subsequently, the Company recorded the highest net profit of Rs. 703 Mn during the financial year, along with Rs. 7 Bn revenue.

Chairman's Message

We applied strategic pricing techniques aligned with industry standards in response to the rise in raw material and overhead costs during the period. Additionally, to counter exchange rate losses, we leveraged dollar-denominated assets for imports, effectively practising natural hedging and avoiding the need for obtaining Letters of Credit. This astute strategic approach played a pivotal role in successfully attaining our revenue objectives during that period.

In this journey, the role of our valued employees should be commended as it is their determination and dedication to drive the Company towards growth that ensured our progress during the phase. Hence, we were persistent in ensuring their well-being as well as their personal and professional advancement through continued exposure to learning and development opportunities towards building an effective team who could contribute to the overall quality and success of the business.

CORPORATE GOVERNANCE

We utilise a strong Corporate Governance framework as it establishes a corporate foundation on the principles of transparency, accountability and integrity that provides more solidarity to our operations and business activities. Therefore, we comply with all the relevant compliance best practices, including the rules and regulations of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL). Further, to ensure ethical work procedures, we adhere to all the required industry regulations, including ISO system certification and SLS product certification.

SUSTAINABILITY COMMITMENT

We are committed to making a positive impact on the larger ecosystem in which we operate and hence make an effort to contribute to the environmental, social and governance aspects by reducing our environmental footprint and promoting social responsibility initiatives while adhering to a robust system of governance that promote ethical business practices assisting us in delivering our responsibilities to the stakeholders. This approach has enabled us to achieve a harmonious balance between our business objectives and the larger responsibility of preserving the planet's scarce resources.

FUTURE AHEAD

Closing a financial year with remarkable performance, we look forward to continuing this momentum to the next financial year addressing all the challenges through our resilience and confidence to achieve excellence. With signs of improvement in the macroeconomic landscape, we look forward to capitalising on new business opportunities while continuing to expand our export market. In this endeavour, we will utilise inventive production strategies to reduce operational expenses within the organisation. Within this context, research and development approaches will hold a pivotal position in fostering innovation, invention, and progression.

ACKNOWLEDGEMENT

I take this opportunity to express my sincere gratitude to the Board of Directors for their guidance and support in steering the Company ahead at a time of unprecedented challenges in the operating environment. I also wish to thank our Chief Executive Officer for his solid leadership and guidance in setting the Company's strategic direction during the year towards realising our business objectives. I am also truly grateful to our Management Team for their unwavering commitment and loyalty to the Company, which was key to navigating the Company under dire circumstances.

Last but not least, I wish to thank all our employees for their remarkable effort during the year in sustaining the Company's progress. Finally, I would also like to take this opportunity to thank our valued customers and shareholders for placing their confidence in us as we continue to deliver value to them while we look forward to strengthening our mutual partnerships in the years ahead.



Mr. W. A. P. Perera
Chairman

29th August 2023

Chief Executive Officer's Message

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We will continually invest in Research and Development to bring about innovation and invention to the product development process. Having established a strong foothold in the local and international sphere, we are aware of the market needs of the customers and hence strive to develop world-class products to cater to the diverse customer requirement in compliance with new standards. Similarly, we will evaluate the possibility of establishing new ventures in the African region.

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Dear Shareholders,

The financial year under review was undoubtedly a year of many upheavals, with the economic crisis plugging the economy to the bedrock and its preceding impact that created social unrest in the first half of the year. Nevertheless, despite this tumult, we succeeded in steering the Company ahead, sustaining our product excellence supported by state-of-the-art technology and the commitment of our valued team to achieve the best. As a result, we were able to achieve superior financial performance during the year, demonstrating our intensity and willpower to navigate the Company towards progression, creating enhanced value for the stakeholders. With this outlook, I present to you the Annual Report of Sierra Cables PLC for the year ended 31st March 2023.

This was a year that Sri Lanka had to face the worst economic crisis in its history since independence. The country defaulted on its foreign debt with a severe balance of payment crisis. The economy contracted by 7.8 percent, with all sectors demonstrating a subdued performance. What followed next was a multitude of obstacles, from price hikes in essential goods putting pressure on household purchasing power, an energy crisis with gas and fuel shortages, prolonged

power cuts, supply chain disruptions and skyrocketing inflation led by food inflation that triggered public distress leading to social unrest at the early part of the year. Consequently, all the industry activities, including the manufacturing and construction sector, contracted during the period. Amidst these challenges, there was also a notable depreciation in the exchange rate, which particularly impacted the cable industry, that largely depends on imported raw materials such as Copper, Aluminium, XLPE, and PVC for their manufacturing activities.

Against this backdrop, we had to take prudent measures to mitigate challenges in ensuring the sustainable growth of the Company. Therefore, in response to the heightened interest rate environment, we adjusted the credit strategies to mitigate the risk of default. We also adopted natural hedging in addition to applying strategic pricing methods according to the industry norms due to the cost increase of material and overhead expenses. Additionally, we undertook a restructuring of the loan book to mitigate financial risks.

REMARKABLE PERFORMANCE

Amidst the unparalleled trials of the operational landscape, Sierra Cables secured a revenue of Rs. 7 Bn. This achievement was fortified by our heightened dedication to project customers and the export market, both of which played a crucial role in propelling growth throughout this timeframe. Export market sales exhibited a notable increase compared to the previous financial year, leading to a subsequent expansion of our market share in competition with rivals. Furthermore, with the objective of fortifying our local presence and adopting a more strategic approach to the Dealer market, we have strategically reallocated our dealer network to Browns network, a company that is part of our corporate group.

Additionally, the Company achieved a significant milestone by recording the highest net profit of Rs. 950 Mn, demonstrating a remarkable year-on-year growth of 155% compared to the preceding year. This achievement is particularly commendable considering the macroeconomic volatility marked by foreign exchange shortages, inflationary pressures, increase in income tax rates from 18% to 30% and rising interest rates.

Chief Executive Officer's Message

In response to these challenges, the Company took proactive measures to secure its business operations. Through well-timed strategic decisions and the implementation of market diversification strategies, including the exploration of new export markets, the Company effectively mitigated the effects of currency depreciation.

KEY HIGHLIGHTS

Throughout the year, we achieved remarkable accolades. Notably, we secured the Gold Award in the Electronic & Electrical Products Sector (Medium) at the esteemed 30th Annual Export Awards 2022, a prestigious event orchestrated by the National Chamber of Exporters of Sri Lanka (NCE). Additionally, our commitment to ethical trading was acknowledged with the presentation of a Certificate of Ethical Trading (CET) by the National Chamber of Exporters Sri Lanka.

Moreover, our achievements extended to being honoured as the Best Cable Manufacturer of the Year (large category) across energy, industrial, and communications sectors at the distinguished South Asian Business Excellence Awards 2022.

Also, We achieved noteworthy acclaim, securing an A+ (Ika) rating from Fitch Ratings, accompanied by a stable outlook.

OUR ESG COMMITMENTS

We understand our obligation towards the environment and society in which we exist and hence, as a responsible business entity, have made an effort to contribute to the preservation of the same. By aligning our governance principles to minimise our environmental footprint and uplifting the communities, we believe we have achieved a harmonious balance between our business objectives and sustainability commitments.

By working together with all our stakeholders to make a positive difference in ensuring a sustainable future, we have taken a concentrated approach to minimise the ecological footprint of our operations by strategically managing the inputs (material,

energy and water) as well as outputs (emissions, waste) through awareness raising of our employees. Similarly, we remain committed to making a positive impact on the society we live in, persistently striving to make a difference in the lives of the communities by assisting them in areas such as education, community development, and health care.

OUR EMPLOYEES

The people who drive our growth remain our principal asset, and hence we strive to ensure their well-being through industry-par remuneration, benefits, rewards and recognition. It is their unwavering commitment to achieving excellence and loyalty that has ensured the Company's sustainable growth over the years. In addition to the statutory benefits, we consistently encourage their engagement by allowing them to contribute to the Company's decision-making by voicing their opinions and suggestions. Likewise, we have ensured their personal and professional growth, providing them exposure to learning and development opportunities to enhance their career progress and personal growth. Therefore, during the year, each department was able to successfully achieve their respective targets making a significant contribution towards the overall strategic objectives of the Company despite the prevailing challenging market conditions.

FUTURE OUTLOOK

Moving forward, we will continue to strengthen our local and international presence leveraging the latest technology to cater to the modern clientele. We will continually invest in Research and Development to bring about innovation and invention to the product development process. Having established a strong foothold in the local and international sphere, we are aware of the market needs of the customers and hence strive to develop world-class products to cater to the diverse customer requirement in compliance with new standards. Similarly, we will evaluate the possibility of establishing new ventures in the African region.

In this way, we will drive our growth strategy, expanding our international presence and thereby harnessing market opportunities in the overseas market.

APPRECIATION

I would like to take this opportunity to express my sincere thanks to the Chairman and the Board of Directors for their continued guidance and advice in driving the Company on the strategic path at a time of heightened uncertainty in the operating landscape. My heartfelt gratitude also goes to our valued team, who worked tirelessly to achieve our business objectives amidst numerous impediments in the operating landscape. Thank you for going above and beyond to achieve our goal. Finally, I wish to thank our valued customers, dealers, suppliers, financial partners and other stakeholders who continued to be with us placing their trust in our ability to create value for them, sustaining the Company's long-term growth.



Mr. Harsha Jayatunga
Chief Executive Officer

29th August 2023



**Powering
Growth
Shaping Unity**

Board of Directors



MR. W.A.P. PERERA
Chairman



MR. D.S. PANDITHA
Executive Director



MR. P. WEERASINGHA
Executive Director



MS. S.S. KOTAKADENIYA
Non- Executive Director



MR. P.E.A.B. PERERA
*Independent Non-Executive
Director*



MS. T.A.P. WEERASINGHE
*Non- Executive Director
Resigned w.e.f. 11th August 2023*



PROF. A.K.W. JAYAWARDANE
*Independent Non-Executive
Director*



MR. B.W.N. RUPASINGHE
*Independent Non-Executive
Director*



MR. D.S.K. AMARASEKERA
Non- Executive Director



Mr. G. Jayasena
*Non- Executive Director
Appointed w.e.f. 29th August 2023*

MR. W.A.P. PERERA - CHAIRMAN

Non-Executive Director

Mr. W.A.P. Perera is a founder Director of Sierra Construction Limited and serves as the Chairman of Sierra Cables PLC. He accounts for over 42 years of experience in the construction industry.

MR. D.S. PANDITHA

Executive Director

Mr. D.S. Panditha is a Executive Director of Sierra Cables PLC. He is a member of Institute of Incorporated Engineers, Life member of the 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 the Ceylon National Chamber of Industries Sri Lanka. He has over 48 years' experience in the Cable and Pipe industry.

MR. P. WEERASINGHA

Executive Director

Joining the LOLC Group in 2018, Mr. Panduka Weerasingha currently holds several key management positions and serves on multiple boards in the Company. He is the CEO of Browns Investments PLC, CEO/Executive Director of Iconic Trust (Pvt) Ltd and an Executive Director of its subsidiaries namely, Agstar PLC, Sierra Ready Mix (Pvt) Ltd, Sansun Boutique Hotels Ltd, Sierra Developments Ltd & Tiasa Construction (Pvt) Ltd. He is also a Director of LOLC Geo Technologies (Pvt) Ltd, Browns Metal & Sands (Pvt) Ltd & Browns Properties (Pvt) Ltd.

Mr. Weerasingha counts over 26 years of management experience of which, 11 years in the capacity of a Director/Chief Executive Officer. He possesses expertise in turning around loss making/mismanaged entities to profitable ventures, Manufacturing, Investor/Shareholder Relations, identifying & acquiring most profitable investment opportunities, Real-Estate Management, Channel Management, Project Management & People Development backed up with excellence in performance & achievements.

Before joining the Group, Mr. Weerasingha has held key leadership positions in leading companies such as Singer (Sri Lanka) Plc, Brown & Company Plc, Lanka Walltiles Plc, BASF Lanka (Pvt) Ltd, Ceyoka (Pvt) Ltd, Nivasie Developers & International Construction Consortium (ICC). In addition to the above, he has also been providing consultancy services to the mercantile institutions.

Mr. Weerasinghe holds a Master of Business Administration (MBA) degree from American International University, Los Angeles, California and an old boy of S. Thomas' College Mt. Lavinia.

MS. S.S. KOTAKADENIYA

Non- Executive Director

Mrs. Sunjeevani Kotakadeniya is a fellow member of Chartered Institute of Management Accountants (UK), Chartered Global Management Accountant (USA) and holds a Master's in Business Administration from the University of Colombo. A senior Finance professional with extensive experience in strategic Management and Financial management in several industries holding senior positions in the Financial services, Insurance, Leisure, Trading, Manufacturing, Construction, Agriculture and Plantations and IT services sectors. She is a catalyst in change management, restructures, mergers, acquisitions and project management, has taken leadership in strategic change, driving organisations to leading positions.

Mrs. Kotakadeniya currently holds the position of Chief Financial Officer, LOLC Group overseeing finance functions for the group locally and internationally. She serves as a Director in several LOLC Group Companies including regulated entities Seylan Bank PLC, LOLC General Insurance PLC, Serendib Microinsurance PLC – Cambodia, LOLC Microfinance Bank Limited – Pakistan, Maturata Plantations Limited and other listed entities including Hapugastenna Plantations PLC, Udapussellawa Plantations PLC and Agstar PLC.

MR. P. E A. B. PERERA

Independent Non-Executive Director

Mr. Buwanekabahu Perera is a veteran Professional Banker with 41 years of experience serving in the Financial Sector in Sri Lanka with an established reputation as a prominent leader in Corporate Banking. Mr. Perera worked for over 14 years as the Head of Corporate Banking in the capacity of Senior Vice President at National Development Bank PLC, having previously worked at Deutsche Bank AG, Sampath Bank PLC and Banque Indosuez in the early part of his career. His qualifications include a BSc (Hon) in Financial Services from the University of Manchester, UK, a Post Graduate Diploma - Bank Financial Management, University of Sri Jayawardenapura, Associate Member of Certified Management Accountants, Sri Lanka and The Chartered Institute of Bankers, UK. He is also a passed finalist of the Chartered Institute of Management Accountants (CIMA). Mr. Perera is a past President of The Association of Professional Bankers, Sri Lanka 2008/09. Currently he is an Independent Non-Executive Director of Cargills Bank Ltd and the Chief Executive Officer / Secretary General of the Ceylon Chamber of Commerce.

MS. T.A.P. WEERASINGHE

Non- Executive Director

Resigned w.e.f. 11th August 2023

Holding a Bachelor's of Science in Management from the University of London, Ms. Tashali Perera Weerasinghe counts more than 15 years of experience in the construction sector whilst being attached to Sierra Holdings (Pvt) Ltd from the year 2006 to 2021. She is a Non-Executive Director of AgStar PLC. She is also a Director of Iconic Trust (Pvt) Ltd and its subsidiaries namely, Tiasa Construction (Pvt) Ltd, Sansun Boutique Hotels Ltd, Sierra Ready Mix (Pvt) Ltd and an Executive Director of Sierra Developments Ltd.

Ms. Weerasinghe was resigned from the Board of Directors of Sierra Cables PLC w.e.f 11th August 2023.

Board of Directors

PROF. A.K.W. JAYAWARDANE

Independent Non-Executive Director

Prof. A.K.W. Jayawardane is a Senior Professor in Civil Engineering and a past Vice - Chancellor of the 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 with first class honors, from the 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 the 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.

MR. B.W.N. RUPASINGHE

Independent Non-Executive Director

Eng. B.W.N. Rupasinghe is a Chartered Electrical Engineer by profession, and a former General Manager of Central Engineering Consultancy Bureau. He is a consultant in electromechanical engineering, hydropower and renewable energy. He is an honorary life Member of the Institution of Engineers Sri Lanka and a Fellow of the Institution of Engineering & Technology, UK. He has a BSc Eng (Hon) degree in Electrical and Electronics from the University of Peradeniya, 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 from the University of Colombo.

MR. D.S.K. AMARASEKERA

Non- Executive Director

Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayewardenepura and began his career in the year 1998. Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country. Other key appointments: Director - Kelani Tyres PLC, Lanka Milk Foods (CWE) PLC, Madulsima Plantations PLC, Balangoda Plantations PLC, Eden Hotel Lanka PLC, Ceylon Hotels Corporation PLC, Palm Garden Hotels PLC, AgStar PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Hapugastenne Plantations PLC, Udupussellawa Plantations PLC and several other subsidiaries of Browns Investments Group.

MR. G. JAYASENA

Non - Executive Director

Appointed w.e.f. 29th August 2023

Joining LOLC Group in 2007, Mr. Gunendra Jayasena comes armed with years of expertise in key management roles with leading conglomerates in Sri Lanka. He is an alumnus of the prestigious Royal College, Colombo and has a keen eye for effectively overseeing group administration. This unique skill has led him to play a pivotal role in the daily management strategy and execution of the Group. Mr. Jayasena's experience spans across a wide range of dynamic sectors such as; company acquisitions, investments, property trading, construction, renewable energy initiatives and mining to name a few. He currently functions as the Chief Administration Officer for LOLC and Browns Groups.

Other key appointments: Head of Operations, Favourite International (Exports) Limited – FMCG Import, Export & Distribution. General Manager, Worldwide Resources Pvt. Ltd. – Apparel Trading & Exports. General Manager – Ventures, LOLC holdings PLC – new business investments.



**Powering
Growth Shaping
Resilience**

Operating Environment

GLOBAL ECONOMY

The extended impact of the pandemic, tightened monetary policy stance amidst rising global inflation, the impact of the Ukraine-Russia war and supply chain disruptions continue to grip the global podium during the year under review. Given this scenario, the global economy demonstrated a subdued performance displaying slow growth in some economies while a contraction in others. Global growth dropped from 6.0 percent in 2021 to 3.2 percent in 2022 and is expected to plunge to 2.7 percent in 2023.

The ongoing pandemic led to lockdowns and mobility restrictions in China and the resurgence of it in some other countries and low vaccination coverage, particularly in Sub-Saharan Africa continue to hinder the economic progress during the period. Similarly, the war between Russia and Ukraine led to a global energy crisis that included gas supply cuts to Europe, high energy prices, weaker consumer confidence and slow progress in manufacturing due to supply chain disruptions and rising input costs. This contributed to negative growth in larger economies such as the US, China and Russia as well as Eastern European countries.

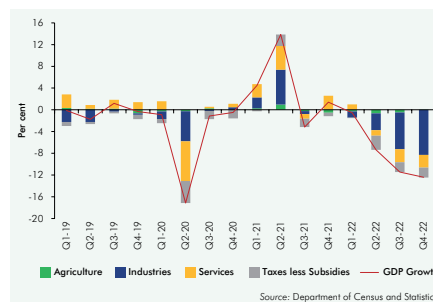
Global inflation rose from 4.7 percent in 2021 to 8.8 percent in 2022 though it is expected to decline over the next two years. Inflation was widespread across advanced economies though low-income households in developing economies suffered the most due to inflationary pressure on their household income.

LOCAL ECONOMY

During the financial year, Sri Lanka witnessed the worst economic contraction since its independence which was mainly driven by a heightened economic crisis due to long-standing economic volatilities and uncertainties in the global macroeconomic landscape. All key sectors contracted reversing the post-pandemic recovery that was seen at the commencement of the financial year. As per the provisional estimates of the Department of Census and Statistics (DCS), the real GDP contracted by 7.8 percent in 2022, compared to a growth of 3.5 percent in 2021.

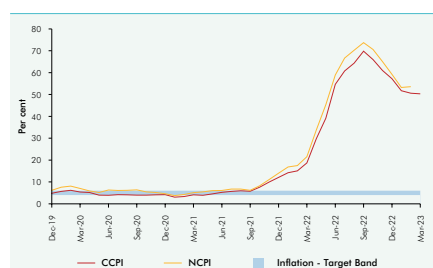
Forex crises continued to grip the economy with sharply depreciating rupee value against the US Dollar. Consequently, Sri Lanka defaulted on its foreign debt amidst the prolonged policy delays in addressing the prevailing issues, ill equipped agricultural reforms, and untimely taxations that contributed negatively to an already ailing economy. The consequences of these developments were fuel shortages, lengthy power cuts, supply chain disruptions, shortage of raw materials due to import restrictions and a rise in the cost of production leading to political unrest during the first part of the year. These issues led to tremendous shock waves across the country collapsing economic activities to a greater level with worse consequences to the people and the businesses.

Figure 1.2
Activity-wise Contribution to GDP Growth



The skyrocketing inflation mainly driven by food price and tax hikes, upward revision of utility prices amidst rising global energy prices and depreciating rupee value had a severe impact on the economy in turn affecting household disposable income, particularly in the low-income earning category. Interest rates also continued to rise in the backdrop of inflationary pressure with CBSL maintaining the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 14.50 per cent and 15.50 per cent, respectively.

Figure 1.5
Headline Inflation (Year-on-Year) (a)



Sri Lanka's external sector suffered an acute balance of payment (BOP) crisis in 2022 amidst limited foreign currency inflows, depletion of official reserves, and rising exchange rates highlighting the necessity for appropriate policy measures to avoid further aggravation of the situation. In this milieu, the government sought the assistance of IMF funding arrangements for debt restructuring in 2022.

CONSTRUCTION SECTOR PERFORMANCE

Given the volatile macroeconomic backdrop of the country, the construction sector which accounts for 28 percent of the industry sector and 8 percent of the GDP in 2022 recorded a year-on-year contraction of 20.9 percent during the period mainly due to both supply and demand side constraints. On the supply side, issues such as raw material and fuel shortages, soaring input prices, lack of supplier credit and overdue payments on completed government-funded projects contributed negatively to the sector's performance. Likewise, demand sides issues such as the suspension of government-funded projects and the high-interest rate environment that curtailed private investment further aggravated the situation.

The subdued performance of the sector was also visible in the construction-related indicators. The total cement availability of the country during the period recorded a substantial decline of 35.9 percent compared to the marginal decline of 0.8 per cent recorded in 2021 while building material imports also declined substantially by 35.8 per cent in 2022, compared to 4.7 per cent growth in 2021.

Moreover, credit granted to the private sector by Licensed Commercial Banks for personal housing construction also recorded a contraction as of end-December 2022. Meanwhile, mining and quarrying activities comprised mainly the mining activities that provide inputs to construction activities, such as sand mining, also contracted by 31.0 percent in 2022, compared to the growth of 1.4 percent recorded in 2021.

Financial Review

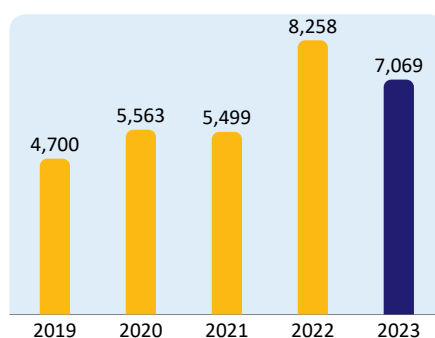
During the fiscal year 2022/23, navigating the complex landscape of financial management proved to be a formidable task, not only for Sierra Cables PLC but also for the manufacturing enterprises across the country. The challenges were multifaceted, stemming from diminished local market demand, the amplified costs of imported raw materials due to currency depreciation and the higher finance cost. The cable industry, that is largely reliant on essential elements such as Copper, Aluminium, XLPE, and PVC, felt the reverberations acutely. Nonetheless, in the face of these demanding circumstances, Sierra Cables stood out as a symbol of unwavering resilience and dedication. The group not only navigated through the tempest but also achieved a significant historic profit landmark demonstrating its financial proficiency as well as adept deployment of capital in driving sustainable growth and creating value for the stakeholders.



REVENUE

Despite the volatile economic condition in the country, the group successfully generated a revenue of Rs. 7 Bn during the period. Although the first quarter of the year had a limited contribution to revenue, we diligently exceeded targets and continued to progress throughout the remaining part of the year. The achievement this year highlights our steadfast dedication to both project customers and the export market, both of which have been actively contributing to our progress during this period. Notably, our export market sales witnessed a substantial upswing of more than double (Over a 280% surge) compared to the preceding fiscal year, contributing significantly towards the overall profitability. Moreover, with the strategic objective of reinforcing our local presence and adopting a more targeted approach to the dealer market, we have strategically repositioned our dealer network within the Browns network. This strategic reallocation was expected to further enhance our market positioning and operational efficiency.

Revenue
Rs. Mn



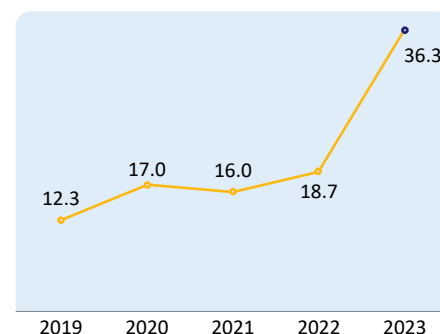
GROSS PROFIT

The current financial year recorded a remarkable milestone achieving the highest Gross Profit ever recorded in our group's history, a substantial amount of Rs. 2.6 Bn. This exceptional accomplishment underscores a phenomenal growth rate of nearly 70%, a clear reflection of the effective strategies implemented by our dedicated management. At the core of this achievement stands an impressive Gross Profit Margin of 36%, a testament to the planned sales strategy adopted during the year.

The first quarter of this financial year presented the Company with the challenges of procuring raw material owing to foreign currency crisis and the unstable domestic political and economic status. In response, we adopted a focused sales strategy by capitalising on available high-contribution stock which not only ensured our continued operations but also paved the way for increased profitability.

Furthermore, we responded proactively to the escalating costs of materials and overhead expenses by adopting industry-aligned strategic pricing methods. This deliberate approach enabled us to effectively mitigate the impact of rising expenses, thereby contributing significantly to our elevated Gross Profit Margin. This accomplishment not only reinforced our financial stability but also solidified our position as a forward-thinking industry leader.

GP Margin
%



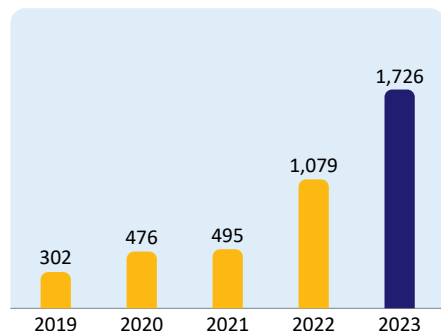
OPERATING PROFIT

Demonstrating a noteworthy upturn, the group's operating profit experienced a substantial year-on-year increase of nearly 60% during the fiscal year 2022/23, ascending from Rs. 1 Bn to an impressive Rs. 1.7 Bn. Despite witnessing an increase in administration, selling and distribution expenses due to the higher inflationary economic environment, the group adeptly maintained its operational profitability, surpassing the achievements of the previous year.

The operating profit margin was reported at 25%, marking a notable increase from the previous year's 13%, showcasing the group's commitment to extract more value from its operations.

Operating Profit

Rs. Mn

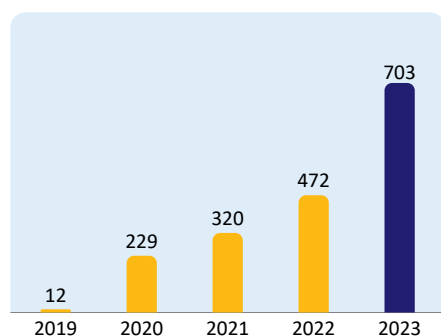


PROFIT AFTER TAX (PAT)

The group achieved an impressive milestone by reaching a net profit of Rs. 703 Mn, demonstrating a remarkable growth of 50% compared to the previous year. This accomplishment is particularly praiseworthy given the backdrop of macroeconomic instability characterised by foreign exchange shortages, inflationary pressures, an elevation in income tax rates from 18% to 30%, and escalating interest rates. Furthermore, this achievement has led to an impressive net profit margin of 10%.

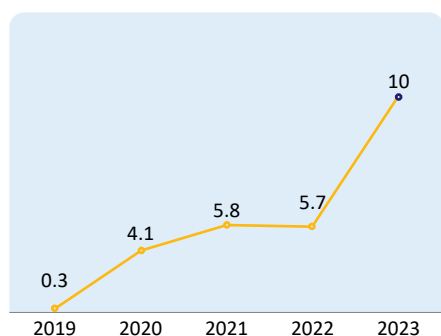
Net Profit

Rs. Mn



NP Margin

%

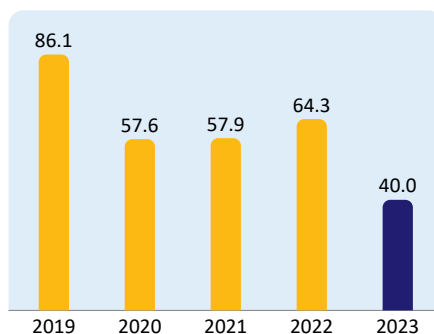


DEBT TO EQUITY RATIO

The Debt-to-Equity ratio has displayed a significant reduction, marking a decrease of 40% from the previous year's 64% as a result of the comprehensive restructuring of our loan book during the year. In response to the adverse impact of elevated interest rates and challenging economic conditions, we proactively modified our credit sales policy where sales were made predominantly on cash basis. This change in credit policy resulted in an increase in group's liquidity position and paved the way for settlement of loans which were carrying at higher interest rates. When examining a span of five years, the current year's ratio stands as the lowest and showcases our commitment to prudent financial management and sustainability.

Debt to Equity Ratio

%

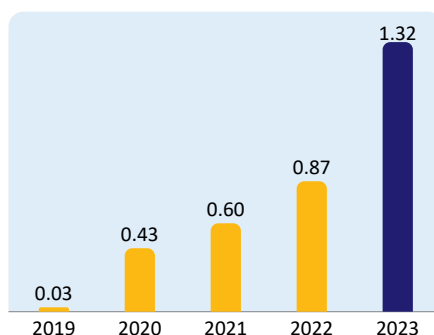


EARNINGS PER SHARE

The Earnings Per Share (EPS) for the financial year 2022/23 stands at Rs. 1.32, a notable increase from the previous year's value of Rs. 0.87. This substantial growth in EPS reflects the group's improved financial performance and underscores its commitment to generating enhanced value for its shareholders.

EPS

Rs.

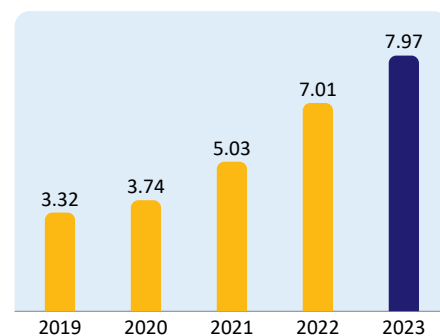


NET ASSETS VALUE PER SHARE

Due to increased profits and the incorporation of new machinery, the group's Net Asset Value per share has risen to Rs. 7.97, a notable increase from the previous year's value of Rs. 7. This upward trend in NAV per share highlights the group's strengthened financial position and its strategic investments for future growth.

NPS

Rs.

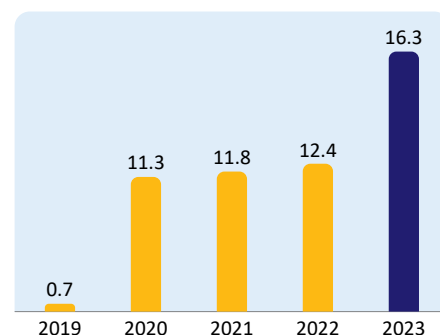


RETURN ON EQUITY

The group's Return on Equity (ROE) has exhibited remarkable improvement, reflecting its financial progress. The current period's ROE stands at an impressive 16%, notably surpassing the 12.4% figure from the previous year. This positive trajectory over the past five years underscores the group's commitment to enhancing its financial performance and generating value for stakeholders.

ROE

%

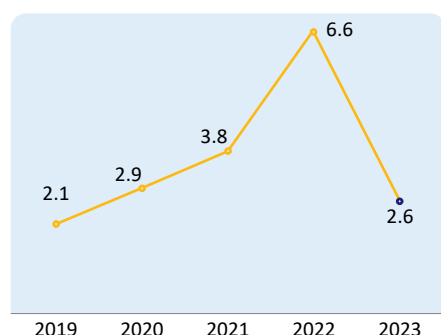


INTEREST COVER

The interest cover shows a gradual improvement over the last few years indicating the enhanced confidence of the lenders over the group's repayment capacity. However, despite exceptional financial results recorded during the year under review, there was a drop in the ratio due to the unprecedented rise in interest rates during the same period.

We managed to maintain solid relationships with all the financial institutions enabling the group to negotiate best terms and rates when borrowing.

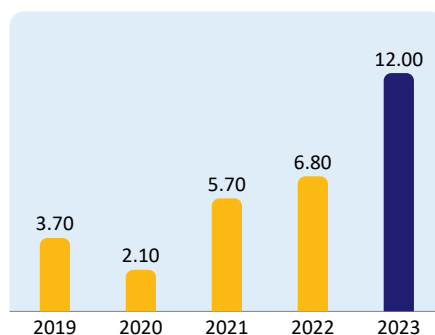
Interest cover
%



SHARE PRICE

The Company's share price closed at Rs. 12, marking a notable increase. During the period, the share price reached to Rs. 14.80, showcasing the Company's potential for growth and resilience within the market. A comprehensive analysis of the past five years reveals a substantial enhancement in the share price, demonstrating an impressive progression from Rs. 3.7 to Rs. 12. This signifies the company's consistent efforts to strengthen its market presence, enhance shareholder value, and establish a favorable position within the industry. The upward trend in share price underscores the Company's successful performance augmenting investor confidence in its future prospects.

Share Price
Rs.



Our Customers and Key Stakeholders

Our social relationships and networks which consists of shared values, commitments and knowledge is an integral part of our value creation as it forms the basis of our reputation as a trusted cable manufacturer fortifying the confidence amongst our valued clientele. Hence, we consistently strive to build strong connections with our customers, suppliers, business partners, regulators as well as the community that form our entire universe, driving value creation and sustainable growth. By engaging with these key stakeholders in a multitude of ways, we endeavour to seek their perspectives thereby addressing their concerns to meet their expectations.

CUSTOMERS

Customers are our most valuable asset as they are the central factor that contributes to our business growth. Hence, we believe that it is imperative to understand the constantly changing customer preferences and cater to them accordingly in ensuring the sustainable growth of our business. To this end, we continue to provide high-quality products while maintaining service excellence to meet their satisfaction. Over the years, our efforts in upholding quality and service excellence have enabled us to sustain our reputation as a respected brand within the sector.

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 projects acquired through bidding for government tenders of Ceylon Electricity Board (CEB)/ LECO for national electrification projects, telecommunication providers and other government institutions



Exports Market

Spans all over Asia, East Europe, North America, Africa, and Oceania

PRODUCT RESPONSIBILITY

As the largest and the most outstanding cable manufacturer in Sri Lanka with an international footprint, we strive to maintain the highest quality of our product range ensuring its reliability. For this purpose, we ensure strict adherence to all necessary local and international industry standards and practices throughout the entire production process from procurement of raw material to delivering the end product to the market.

We check the quality of our products at 3 stages, which comprise an incoming check at the stage of purchasing raw material, an Inline check during the process of manufacturing as well a final Inspection after the completion of the manufacturing process. Apart from these quality reviews, all our products go through megger and continuity tests. Heavy cables specifically undergo high-voltage testing before being distributed into the market.

Quality Checks:

- Incoming, Inline and final Inspection
- Megger and Continuity Tests
- High Voltage Testing
- Obtaining a Compulsory Test Report
- Tensile & Elongation Test
- Thickness Test
- Hot Set Test
- Insulation Resistance Test
- Diameter Test
- Lay Length Test
- Conductor Resistance Test
- High Voltage Test
- Flame Propagation & Smoke Density Test
- Aging Tests
- Halogen Acid Gas Test
- Temperature Index Test
- Oxygen Index Test
- Fire Resistance Cable Test (C, W,Z Category)
- Heat Shock Test
- Mass of Zinc Coating Test
- Wrapping Test



Compulsory Test Report

Our commitment to upholding quality proceeds a step further by being one of the two Companies in Sri Lanka to have completed the 'Compulsory Test Report' as per the request of government institutions. This third-party accreditation test report, which was obtained from the LCIE laboratory in France, is further confirmation of our yearning to develop quality and reliable products that will sustain the trust and loyalty amongst the clientele and enhance our potential to bid for government contracts.

Our entire product range is manufactured using the finest raw material and in compliance with the following industry standards;

- ISO 9001, ISO 14001 and ISO 45001.
- United Kingdom (BS), Australian (AS) New Zealand (NZS), France (NFC), Japanese (JIS), USA (ASTM, UL) 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

New Product development

In catering to the changing customer demands, we continually make an effort to introduce new products to the market. Consequently, our product range has expanded over the years. During the financial year, we further expanded our capacity to develop innovative products obtaining export market standards such as UL standards and RUS Certification. In addition, we also increased the heavy cable capacity by installing a 37-strander machine.

Capacity Enhancements During FY;

- Installing a 37-strander machine for increased heavy cable capacity
- We have added the UL standard in our list of quality standards and obtained RUS certification



Customer Reach

We have an island-wide Browns dealer network operating our dealer market. Browns Group, as part of our Group of Companies has an established island wide distribution network that is utilised in managing our dealer network. This has strengthened our footprint in the local market instituting Sierra Cables as the main cable supplier of some of the mega construction projects in Sri Lanka.

Sierra Cables also has a global presence in Sierra East Africa Private Limited, a subsidiary company located in Kenya 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. Through these customer touch points, we preserve our customer connections while strengthening our interaction with them.

Local

- Main Supplier for Mega Projects
- Operates with Browns dealer network which has strong Distribution Network

International

- Manufacturing plant Fiji
- Assigned a Sales Representative to our sales operations in the Maldives

Customer Health and Safety

Cable manufacturing carries a significant risk factor given its direct association with energy. Failure to meet quality standards may result in product flows that can be hazardous to the customers. Therefore, we consider customer health and safety as a top priority and make every effort to ensure that our products are free from harmful substances that may be dangerous to the customers.

Therefore, all our products are subject to megger and continuity tests while the heavy cables are tested using a testing procedure called high voltage testing. As a result, we have earned popularity as a market leader for Low Smoke Halogen Free Cables as well as FR cables which offer greater customer safety. Going forward, we intend to improve our product portfolio leveraging technology to drive innovation. Besides, our products are manufactured using pure copper and virgin PVC along with strict inspection at each stage of product development.

Products are designed to cater to the customer needs while customised products are also developed upon request of specific clients. In this process, we adhere to all the quality standards without compromise while ensuring transparency relating to product features providing the customers with the necessary knowledge and information for effective usage. As for the product packaging, it is carried out in-house using high-quality material. During the year under review, there were no incidents of reported non-compliance relating to product information and labelling.

Marketing Communication

Marketing and communication play a significant role in building our brand equity. Therefore, we ensure that our marketing practices adhere to the highest ethical standards highlighting honesty, transparency, responsibility, and full disclosure. While we handle customer information with confidentiality ensuring non-disclosure to any external party without permission, we also ensure that the customer is provided with proper product information and catalogue referencing meeting all the necessary regulatory requirements to make informed decisions.

We utilised social media platforms to directly connect and engage with customers. In addition, our sales representatives represent our brand, building one-to-one connections with the customers. We further used Search Engine Optimisation (SEO) to improve our website visibility in search engine results by optimising its content, structure, and technical aspects. We have also carried out brand name awareness campaigns such as sponsorships,

Our Customers and Key Stakeholders

exhibitions, and participation in industry events. Public relations initiatives carried out aimed at managing the public image and reputation of the Company.

Our key customer segment is the electricians, and we engage with them through conducting seminars to improve their technical know-how and update them on our latest product portfolio.

Raising brand awareness through;

- Social media
- Sales representatives
- Official website
- Brand awareness campaigns
- Public relations initiatives
- Electrician engagement

Customer Engagement

We believe engagement is crucial to nurturing trust and loyalty amongst our customers and hence strive to encourage it through various activities. We have implemented the following Programs to improve our customer interaction and retention.

- **Loyalty Program:** “Behind the Wings” loyalty Program rewards customers for their continued support and encourage repeat purchases.
- **Social Media Engagement:** We respond to comments and messages, ask questions, run polls and contests, and encourage user-generated content (UGC).
- **Feedback and Surveys:** Seek customer feedback through surveys, feedback forms, or online reviews demonstrating that the brand values their opinions.
- **Customer Support and Communication:** Provide excellent customer support and responsive communication channels to engage customers thereby promptly addressing their queries, concerns, or issues. This demonstrates our sincere commitment to ensuring their satisfaction and fostering trust and loyalty.

Anti-Competitive behaviour

We consistently encourage anti-competitive behaviour and price our products as per the country’s monetary policy and market trends and developments. During the year under review, the Company did not incur any fines or penalties for anti-competitive, anti-trust or monopolistic behaviour.

Anti-Corruption

We take a zero-tolerance approach to any form of corruption. For this purpose, we have put in place a robust governance system with appropriate internal controls to ensure ethical manufacturing practices. As such, we adhere to all the relevant industry rules and regulations including ISO system certification audits and SLS product certification audits. The auditors monitors and reviews compliance with internal protocols and documentation procedures of all functions. Likewise, we have also implemented CCTV surveillance across the factory and office premises to ensure no fraudulent activity takes place.

There were no reports of risks and/or incidents relating to corrupt practices during the financial year.

SUPPLIERS

The suppliers play a crucial role in our value creation process and hence we consistently make effort to foster long-term relations with them encouraging responsible business conduct. We ensure that they meet all our expected standards in ensuring that we practice procurement in the most ethical manner.

Supplier Evaluation and Selection

The supplier evaluation and selection process are vital to ensure that we conduct our business responsibly and sustainably. Therefore, we practice strict procurement procedures when purchasing from a newly registered supplier and scrutinise them based on their commitment to transparency, ethical business conduct, competitive and fair pricing, quality, timely supply as well as optimal return on investment.

We utilise the following criteria in assessing the suppliers;

- 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 capabilities 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.

Steps in Procurement



Step 1- Requesting samples from suppliers



Step 2 - Testing the samples



Step 3 - Based on the evaluation - import a small commercial quantity



Step 4 - If the material meets the required standards - purchase the full order

Procurement Practices

We obtain our raw materials and production supplies from both an international and local supplier pool that we have established over the years to ensure a smooth production process. As an ISO 9001-certified company, we maintain a list of registered suppliers which is periodically reviewed to ensure that we source the best quality material required for our products from the most reliable and trustworthy suppliers. The key raw material used in cable production such as Copper, Aluminium, Alloy Aluminium, PVC, XLPE/FR Compounds, and Steel Wire is sourced from international suppliers, most of which are based in Dubai, Vietnam, China, Malaysia and India.

The raw material requirement is determined based on the production plan for the month where requests are allocated accordingly. To facilitate efficient production, we have ensured considerable lead time in sourcing material for manufacturing. Further, given the uncertainty in the operating environment in the aftermath of the COVID-19 pandemic, which has led to price hikes in raw materials, supplier capacity issues as well as global trade limitations, the Company strengthened its procurement practices preplanning way ahead to meet the production requirement.

Compliance

We ensure that our suppliers and partners conform to all the relevant laws and regulations including environmental, labour regulations, the use of child or forced labour, and other regulations. Further, the ISO 14001 quality management certification that we have obtained sets the framework to ensure that the quality of our relationships with suppliers and business partners is aligned with the standards maintained throughout the Company.

During the year under review, there were no incidents of non-compliance related to supply chain activities.

EXTERNAL ASSOCIATIONS

We have established an alliance with Brown & Company PLC, one of our group of companies which operates our dealer market segment. Similarly, we entered into a partnership with AIESEC – University of Moratuwa Energy Management “Switch of 13.0” project which includes CSR activities such as awareness campaigns for school children and job fairs for university undergraduates etc.

In addition, Sierra Cables is a member of the following associations.

Local	International
<ul style="list-style-type: none"> • Ceylon Chamber of Commerce • National Chamber of Exporters • The Ceylon National Chamber of Industries • Sri Lanka Chamber of Small & Medium Industries • The Plastics & Rubber Institute 	<ul style="list-style-type: none"> • European Chamber of Commerce • Germany Business Council • Sri Lanka-Australia-New Zealand Business Council • Sri Lanka-China Business Council

GOVERNMENT & REGULATORS

We conduct our business activities on a moral foundation adhering to all the stipulated rules and regulations that ensure transparency and accountability of our activities. Hence, we maintain a zero-tolerance stance regarding any deviation or violation of these conditions stated by the authorities.

At present, we comply with the following guidelines specified by authorities;

- Companies Act No. 7 of 2007
- Listing requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by ICASL (2017)
- Shop and Office Employees Act of 1954
- Inland Revenue Act No. 24 of 2017

COMMUNITIES

As a responsible corporate citizen, we understand our obligation to contribute to the betterment of society. Hence, we have been eager to do our part in supporting community upliftment through carrying out various CSR initiatives related to education, community development, healthcare and environmental conservation for the same. By contributing to positive change in society through such activities, we strive to improve human and social conditions thereby supporting the sustainable development of the country.

Our key Social Initiatives include;

- Implementing Programs to raise awareness through social media
- Forming an alliance with AIESEC, non-profit organisation run by students and recent graduates of University of Moratuwa in order to support their Energy Management “Switch of 13.0” Project. As part of this initiative, we have carried out CSR initiatives such as awareness campaigns for school children and job fairs for university undergraduates.
- Providing extensive internship Programs for university undergraduates and students at technical institutes
- Providing nutritional supplement to the Oruwala primary school

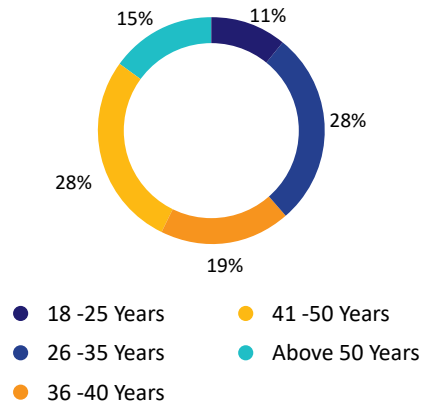


Our Employees

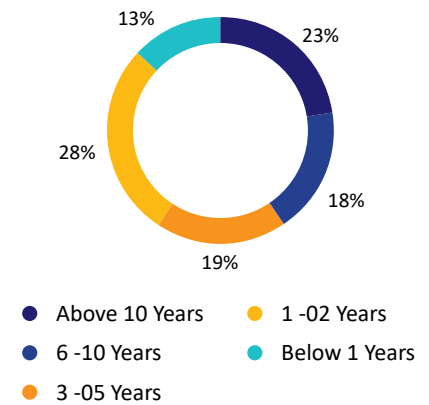
The employees are the most valuable asset that contributes to the successful functioning of a Company. By effectively employing their knowledge and abilities, they play an essential role in increasing the Company's profits and shareholder value thereby sustaining its competitive edge. Therefore, we continually invest in our human capital development in driving sustainable growth of the Company.

During a period that was challenged by macroeconomic uncertainties and political instability that impacted businesses and individuals equally, our people continue to navigate the Company with resilience placing their confidence in our ability to succeed amidst volatility. By being flexible to change, they were able to drive the Company's strategy achieving the targeted objectives during the time creating value for stakeholders. It is their loyalty and unwavering commitment to achieving excellence that sustained our market position during an extraordinary phase.

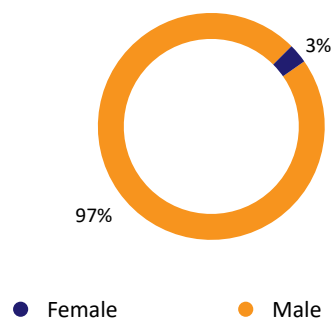
Age Analysis of Employees



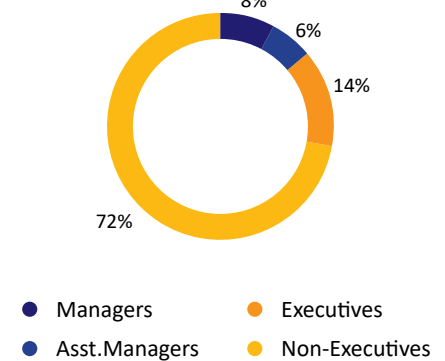
Service Period Analysis



Age Analysis of Employees



Grade Analysis



OUR APPROACH TO HUMAN RESOURCES

Our approach to human resource management is supported by a strong HR Policy Framework as well as well-established systems and processes that provide a robust foundation for the equitable and efficient management of employees.



Our HR Vision

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



Our HR Mission

- Equipping our associates with the required knowledge, skills and abilities to undertake challenging roles in the dynamic business environment.
- Creating an organisational culture and climate that improve our associate's motivation, commitment and concern to serve customers through a High-Performance Work System for improved organisational performance.



Key Policy Changes

- Health & Safety Management Policy
- Training & Development Policy
- Performance Appraisal Policy
- Staff Welfare Policy



Our Strategic HR Goals

- Talent acquisition
- Talent retention
- Talent development
- High-performance culture



DIVERSITY, EQUALITY AND INCLUSION

Diversity encourages a culture of inclusion where people from various backgrounds come together as a work team to contribute to the decision-making. Hence, we remain committed to establishing a diverse and inclusive workplace where employees are not discriminated against by gender, ethnicity, language, religion, or any other factor. For this purpose, Sierra Cables Handbook includes a Code of Conduct for the employees to promote workplace ethics and corporate conduct across the workforce. All employees are expected to act in accordance with the Code of Conduct where disciplinary action is taken in case of failure to comply.

There were no reported incidents of discrimination on grounds of race, sex, religion, political opinion, social origin, or other relevant forms of discrimination during the year.

Key focus areas in this regard include;

- Equal remuneration for male and female employees who are in the same job positions
- Encourage a multicultural environment allowing freedom to engage in various cultural and religious activities
- Policies to address issues relating to sexual harassment and anti-bullying
- Policies to ensure gender equality
- Well-established grievance mechanism to provide speedy resolutions to employee concerns
- Counselling facilities and awareness trainings to raise awareness amongst staff regarding disciplinary procedures relating to workplace harassment
- Establishment of a "Forward Together" platform for all female employees to come together and strengthen each other to move up the corporate ladder.
- Awareness Programs on Women Empowering Day to promote the sense of self-worth in women including seminars on corporate etiquette and grooming, soft skills and personal development programmes.

RECRUITMENT AND RETENTION

Investing in recruiting the correct talent for the correct positions makes the Company efficient, productive and profitable. Therefore, we consistently focus on attracting and retaining capable individuals who can proactively contribute to the overall growth of the Company. In addition, we focus on refining their existing skills and knowledge through continuous exposure to learning and development opportunities that enhance their overall productivity to cater to the evolving needs of the market.

The Company's Recruitment Policy is aligned with the business strategy while we regularly update policies and procedures in response to labour market dynamics. The senior management is recruited through a professional network/headhunting to ensure the right skills are hired for the right position.

We maintain industry par retention levels and have offered a range of opportunities to enhance employee motivation and satisfaction that includes, training opportunities, performance evaluation, rewards schemes, statutory and non-statutory benefits, engagement opportunities and conducive work culture. Periodical employee attitude surveys and satisfaction surveys are conducted to obtain employee feedback thereby taking action to improve the work environment facilitating a healthy and safe work culture.

Employee Retention through;

- Training and Development opportunities
- Engagement opportunities
- Benefits
- Rewards Scheme
- Performance driven culture
- Conducive work environment
- Employee feedback mechanism

TRAINING AND DEVELOPMENT

Training and development of employees remain a critical component in improving their knowledge and skills which in turn have a positive impact on their performance. Therefore, we remain committed to enhancing the skills and capabilities of our employees in driving their own personal growth and career success. Based on the training needs identified through employee skill evaluation and competency matrix, we plan for the relevant trainings of employees. A grading system is also established for factory employees where they are assessed based on a set of criteria to provide them opportunities for career advancement.

The trainings mainly include a combination of technical and soft skill development which are provided in the form of internal and external trainings where employees have the opportunity to learn from their colleagues and other industry experts acquiring a new perspective on how things are done.

The Company has also collaborated with the National Apprentice and Industrial Training Authority (NAITA) to develop NVQ-level training for cable machine operators in the cable industry. This vocational qualification will add value to their profiles offering greater career recognition.



Our Employees

During the year, we conducted the following training Programs;

- First Aid Training
- Workshop on Internal Auditing for ISO 9001:2015 QMS
- Training on significant recent changes to Labour Laws
- Training Programme on 5S
- Training on Negotiation for Supply Chain Staff



REWARDS & RECOGNITION

Performance evaluation remains the basis on which an employee's suitability for rewards and recognition is assessed including selection for allocation for a special assignment or internal promotion. All employees are appraised twice a year and bonuses are granted in November and March in accordance with their appraisal score. While employees are offered an attractive benefits package, they are also paid industry-par remuneration to sustain their motivation for greater performance.

Stages in

Performance Evaluation;

- Self-Appraisal
- Superior Appraisal
- Cross-functional team appraisal

HEALTH AND SAFETY

Ensuring the health and safety of employees is a key priority of the organisation and thus we have implemented numerous workplace health and safety measures to be followed by employees in their day-to-day operations for their general protection. These include;

- Transport arrangements for late-night staff
- Providing facemasks for all employees
- Providing personal protective equipment
- Fogging

We further communicate health and safety information to the staff regularly via email and notices raising continuous awareness of safety measures. In addition, we provide intensive training to highlight the importance of responsible work practices and the use of safety gear. As an ISO 45001 certified.

Company, we are committed to maintaining proper health and safety management system to ensure a secure and risk-free work environment. Further, we have put in place rigorous accident and incident reporting procedures to ensure that safety protocols are strictly adhered to across the organisation and the necessary actions are taken to upgrade or improve the standards where necessary.

The accident follow-up procedure is as follows;

1. Report to immediate superior
2. Organise first aid if the accident is minor or take victims (permanent/casual/ contract) to the nearest hospital if the accident is major
3. Report relevant information to the Departmental Head
4. Department Head to notify the Executive Director and HR Manager
5. HR Manager to assign an officer to investigate the cause of the accident
6. Ensure the welfare of victims by providing the necessary financial assistance

GRIEVANCE MECHANISM

Our open-door policy provides employees with the avenue to freely voice their concerns and opinions to their immediate superiors and supervisors at any given time. This formal mechanism for voicing grievances involves a step-by-step process, where an employee has the liberty to escalate a grievance through his/her immediate supervisor, to the supervisor's superior and then to the Executive Director which will be examined appropriately without any prejudice or fear of punishment.

This robust mechanism has enabled us to provide speedy solutions to their pressing concerns.



EMPLOYEE ENGAGEMENT

Employee engagement is essential to creating a better work culture that leads to higher productivity and improved relationships which would ultimately lead to profitability and growth. Therefore, we strive to nurture a work culture that allows employees to freely express their opinion and feel fulfilled, taking pride in being part of the Sierra family.

We believe an engaged workforce will display greater efficiency and productivity in their job roles going the extra mile to fulfil their professional commitments with enthusiasm and dedication. For this purpose, we carry out various engagement initiatives every year, lifting their spirits and encouraging their sense of fellowship.

The key employee engagement initiatives carried out during the financial year are as follows;

- Inter-company Cricket tournament
- Singing competition
- Christmas celebrations through sharing of gifts – Secret Santa program
- Art Competition for the children of employees
- Sinhala and Tamil New Year celebrations



Environmental Sustainability

With challenges such as climate change, biodiversity loss, resource depletion, pollution and global warming becoming pressing global environmental concerns, the necessity to address these issues promptly to sustain humanity has become a topic at the centre stage of discussion. Not only that, in this milieu, the focus on the role of businesses and corporates in achieving ecological sustainability through embracing the concept of environmental management and adopting ecologically sustainable strategies has increased significantly driving more and more businesses to adopt sustainable business practices in support of environmental conservation.

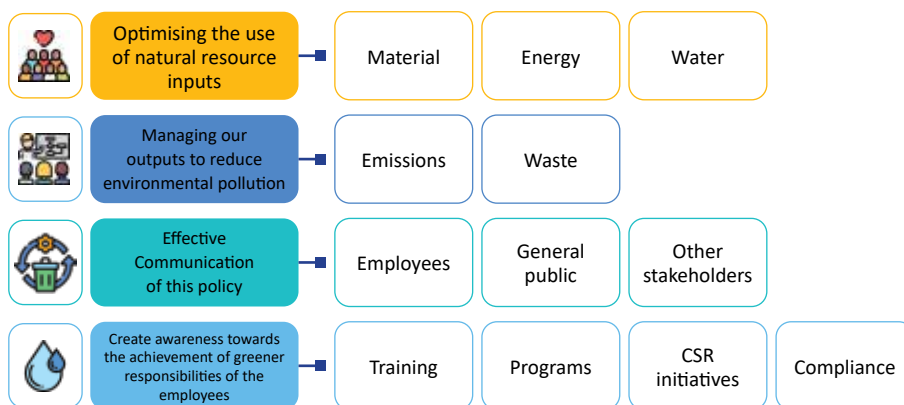
In such a scenario, we as a responsible manufacturing entity, have recognised our obligation to support environmental sustainability by carefully analysing our environmental impacts, risks, and opportunities. The first step towards this commitment is our consistent effort to conduct business activities responsibly and ethically safeguarding all stakeholders involved and adhering to all the compliance with environmental regulations and standards. In addition, we have encouraged activities that minimise the environmental impact of our operations consistently bringing in process improvements, policy adoptions and target setting to improve our overall environmental performance.

ENVIRONMENTAL MANAGEMENT POLICY

Our approach to environmental sustainability is based on our commitment to reducing the ecological footprint of our operations by strategically managing our inputs (material, energy, water and biodiversity protection) and outputs (emissions, waste, and effluents). We believe that this will enable us to achieve a harmonious balance between our business objectives and the preservation of the planet's vital resources.

Therefore, we have put in place a comprehensive environmental management system establishing various policies and procedures related to environmentally responsible and socially equitable consumption of natural resources across the entire value chain while improving the bottom line.

OBJECTIVES OF THE ENVIRONMENTAL MANAGEMENT POLICY



INPUT MANAGEMENT



Management Measures:

We have implemented multiple measures to ensure the responsible and effective use of raw materials in the production process. These include;

- Improvement of the production planning process and operation layout leading to a reduction of our rework.
- Focus on ordering bulk loads to maintain sufficient stocks of raw materials contributing to the reduction of our carbon footprint.





Management Measures:

We have ensured energy conservation by implementing the following initiatives;

- Reducing the number of plant operating days to save energy and overheads. Previously operating seven days a week, the plant now runs for only four days since mid-2022. This adjustment aims to optimise resource utilisation and achieve cost savings by limiting plant operations to a more efficient schedule.
- Installation of 1MW solar system. Generated electricity is diverted to the national grid.
- Recovering energy through micro machines by modifying the steam recovery process for enhanced efficiency.
- Reduce the power consumption of the lighting system by cleaning existing polycarbonate sheets and increasing the number of sheets to increase the natural lighting in the warehouse. Further, we also replaced the 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 from operating at the same time.
- Optimising compressed air system by introducing ring blowers in reducing compressed air. Also, regular maintenance of water lines and airlines by fixing water filters and drainers and reducing 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.
- UPS systems installation for extruder machines to ensure uninterrupted power supply while manufacturing customised cables so that in the event of a power failure, production may continue. With this system, there will be no requirement to restart the machines thus leading to cost and time savings.



Management Measures:

We monitor the water usage and where possible use lower volumes of water or recycled water to minimise water resource depletion. Initiatives implemented in this regard include;

- Educating all employees on the importance of water conservation and minimising wastage.
- Preventing/fixing water leakages.
- Developing a rainwater harvesting plant at the factory premises to be used in cooling machinery.

OUTPUT MANAGEMENT



Management Measures:

We carried out several changes to our processes including changing the method of copper tinning to the conventional vapour scrubber method to trap and separate all possible emissions. Further, with the changes made to the process layout, we were able to allocate a separate area for the solar cable manufacturing plant to minimise the forklift movement.



Management Measures:

We implemented the following measures to minimise the waste generated from our production process. These include;

- Shifting from the use of Grafted Polymer to Base Polymer, thus significantly reducing waste generated in the process of colour change, 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 of ABC Cables.
- Encourage the sales team to return the wooden drums used for the transportation of our cables to customers 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.
- We maintained Cu scrap below 1.3 during the year (Last year 1.5)

Environmental Sustainability

FOSTERING ENVIRONMENTAL CONSCIOUSNESS

We believe that encouraging environmentally conscious behaviour within the organisation plays a crucial role in creating voluntary pro-environmental behaviour within the workplace that in turn contributes to minimising our environmental impact. Hence, we consistently engage with employees through awareness training sessions as well as voluntary environmental initiatives.

As a responsible manufacturing Company, we have been mindful of carrying out our operations in an environmentally friendly manner. Thus, Sierra Cables does not pose a direct threat to any natural habitats, fauna or flora within the areas of its operations. Nevertheless, we continue to educate our employees on the importance of environmental conservation, persistently encouraging them to support biodiversity and ecosystem conservation by taking part in the Company's sustainability initiatives.

Environmental Conservation initiatives include;

1. Awareness Training

We have conducted awareness raising of employees on ISO 14001: 2015 (Environmental Management System). Such trainings are intended to improve the Company's environmental performance by driving commitment, planning, implementation, evaluation and review.

In addition, we also educate employees on his/her responsibility towards conserving the environment while raising awareness of the "Green Concept"

2. Health & Safety Audit

We conducted Health, Safety and Environmental audits within the Company, with teams of employees representing every category of the Company. All are provided with sufficient knowledge through training on environmental aspects, pollution, sustainability, auditing techniques etc.

3. Pursuing Environmental Compliance Strategies

We comply with all the necessary environment-related laws and regulations and have obtained the following certifications;

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

During the financial year, there were zero incidents of non-compliance with environmental laws and regulations.

4. Implementing Environmental Solutions

Implementing initiatives to minimise wastage, compacting wastage, rainwater harvesting, increasing renewable energy capacity, reusing wooden drums, using Base Polymer and monitoring energy consumption

5. Tree planting initiatives

Demonstrating our commitment to creating environmental value, we planted over 300 fruit plants on factory grounds as part of ongoing environmental initiatives.



Corporate Governance

CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

It gives me pleasure to present the Corporate Governance Report for the year 2022/23, on behalf of the Board of Directors of Sierra Cables PLC. This report depicts our robust approach to Corporate Governance and best practices which continue to provide a solid foundation for creating long-term shareholder value. Our well-structured Corporate Governance Framework has strengthened our position ensuring transparency and accountability of our actions, creating a better condition to capture emerging market opportunities. Therefore, we consistently strive to reinforce good governance embedding those principles in our business strategy and action plan thereby improving our decision-making process and defining clear roles and responsibilities towards value creation.

The Company's Board of Directors review the Corporate Governance policies and practices on a regular basis thereby continually improving them to ensure that risk management, internal controls and accountability are in place to support Company's long term strategy.

KEY FOCUS AREAS

Given the macroeconomic volatility during the period under review, the Board remained cognisant of the developments in the operating environment and their impact on our business operations. To this end, the Board continued to regularly review our Corporate Governance best practices while strengthening the risk management aspect to withstand the obstacles. The Board remained steadfast on achieving its business objectives continuing our business operations and production process with resilience under the prevailing condition. While consistently being vigilant of the developments in the macro-economic front, the Board took timely measures to mitigate the pressing issues that impacted our operations; fluctuations in the interest rate, increase cost of raw material and overhead expenses as well as financial risks.

COMPLIANCE

The Company's level of compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka is described in this report. As stipulated by the Code, I affirm that I am not aware of any material violations of any of the provisions of the Code of Business Conduct and Ethics by any Director or any member of the Corporate Management.

(Sgd.)

Mr. W. A. P. Perera

Chairman/Non-Executive Director

29th August 2023

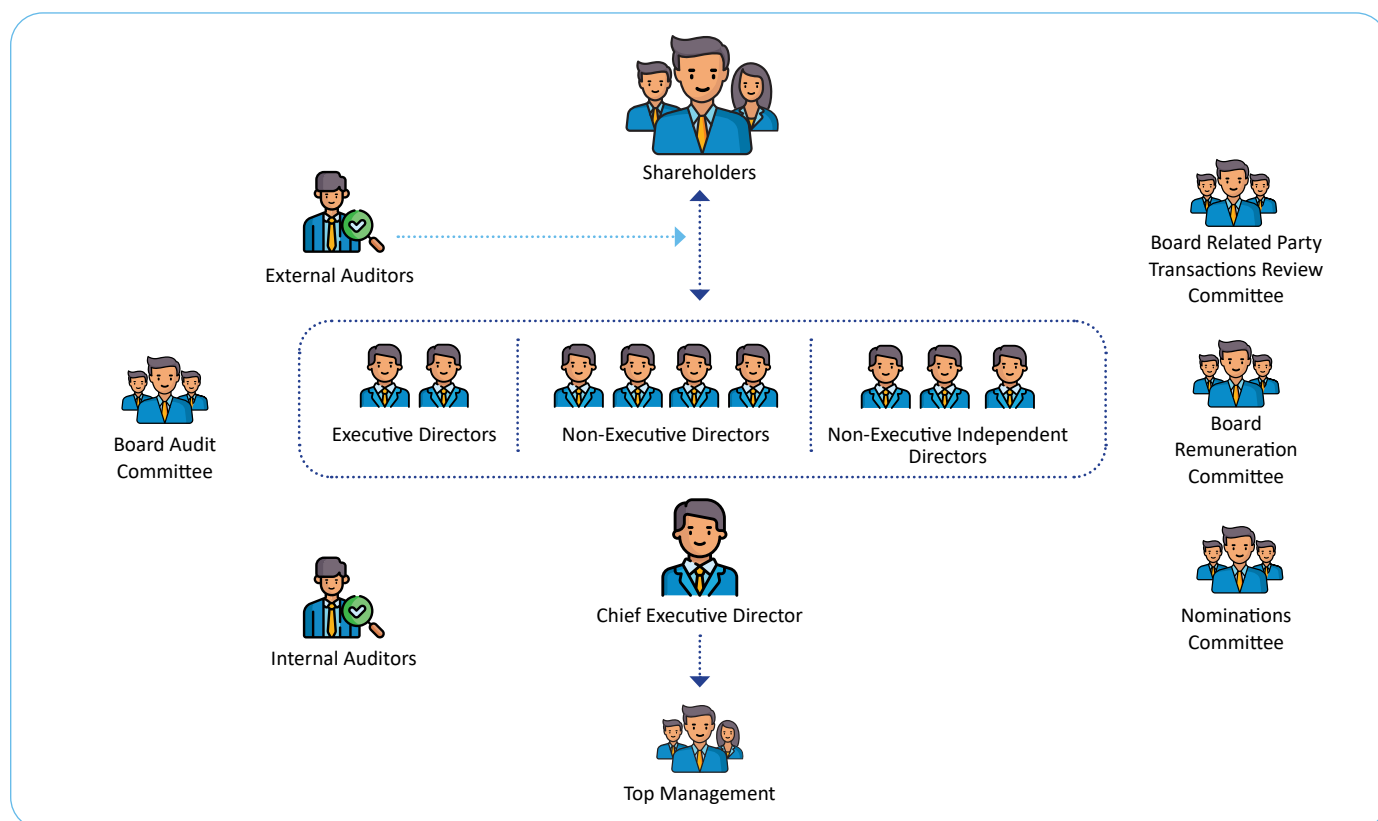
OUR APPROACH TO CORPORATE GOVERNANCE

Corporate Governance, the system by which organisations are directed and managed, is a vital aspect in promoting a culture of integrity that leads to positive performance and sustainable business growth. Therefore, the Board remain committed to complying with all the necessary corporate governance standards within the organisation and all levels of operations to ensure that business activities are carried out ethically and for the benefit of all stakeholders. To this end, the Company consistently assess the good governance frameworks and policies in place and ensures that they are aligned with the Company's overall strategy and objectives, including the local and international best practices. Changing dynamics of the external environment and technological developments are also taken into consideration when setting corporate governance best practices.

Corporate Governance

GOVERNANCE FRAMEWORK

Sierra Cables PLC is guided by the following internal and external instruments in its overall value-creation process.



EXTERNAL MECHANISMS

- Companies Act No. 7 of 2007
- Continuing listing requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by ICASL (2017)
- Shop and Office Employees Act of 1954
- Inland Revenue Act No. 24 of 2017

INTERNAL MECHANISMS

- **Quality Standards:**
ISO 9001:2015, ISO 14001:2015, SLS 733, SLS 750, SLS 412, SLS 1186, SLS 1542, SLS 1504-2-11, SLS 1504-2-31
- **Safety Standards:**
ISO 45001:2018
- **Employee Handbook**

BOARD OF DIRECTORS

The Company's Board of Directors hold the responsibility for providing overall direction and guidance in determining the strategic direction and risk appetite of the Company. The Board collectively directs the Company's affairs of the Company in the interest of the Company and all the shareholders. By combining its diverse skills and industry acumen, the Board effectively discharge its duties in achieving the long-term strategic aspirations of the Company. At Sierra Cables PLC, the Corporate Management team led by the Chief Executive Officer holds the responsibility of executing the corporate strategies while the Board assumes a supervisory role in overseeing the management and its performance.

Board Composition



Independent Non-Executive Directors **3**



Non-Executive Directors **7**



Executive Directors **2**

Board Independence



Independent Non-Executive Directors **3**



Non-Executive Directors **7**

Board of Directors

9



Gender Diversity



Male - **7**



Female - **2**

Age Diversity



Below 60 - **4**



Over 60 - **5**

Board Expertise



Construction & Manufacturing **3**



Banking & Finance **4**



Sales Marketing & Administration **2**

Separate Roles of the Chairman and the Chief Executive Officer

In maintaining the balance of power and authority in the positions and to encourage independent decision-making, the role of the Chairman and the Chief Executive Officer are held separately by two persons.

Chairman

- 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.

Chief Executive Officer

- 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.

Corporate Governance

Sub Committees of the Board

The Board is assisted by several Board Sub-Committees in the discharge of its duties;

Sub-committee	Areas of oversight	Composition	Further information
Audit Committee	<ul style="list-style-type: none"> Financial Reporting Internal Controls Internal Audit External Audit 	Mr. P.E.A.B. Perera (Chairman) Prof. A.K.W. Jayawardane Mr. B.W.N. Rupasinghe	Refer to the Report of the Audit Committee on pages 43 to 44 for more information.
Remuneration Committee	<ul style="list-style-type: none"> Remuneration of the Chief Executive Officer and Key Management Personnel HR Policies, including Remuneration Policy Organisational structure HR Systems, including Performance Evaluation 	Prof. A.K.W. Jayawardane (Chairman) Mr. B.W.N. Rupasinghe Mr. P.E.A.B. Perera	Refer to the Report of the Remuneration Committee on page 45 for more information.
Related Party Transactions Review Committee	<ul style="list-style-type: none"> Related Party Transactions Policy Disclosures on related party transactions in the annual report Quarterly and annual disclosures of related party transactions 	Mr. P.E.A.B. Perera (Stepped down from Chairmanship w.e.f. 31.05.2023) Prof. A.K.W. Jayawardane Mr. B.W.N. Rupasinghe (Appointed as the chairman w.e.f. 31.05.2023)	Refer to the Report of the Related Party Transactions Review Committee on page 46 for more information.

Board Meetings and Attendance

The Board and sub-committees meet once in every quarter unless otherwise required. Meeting agendas and Board papers are circulated to all Board members well in advance of each meeting to provide adequate time for preparation. As the Group has a state-of-the-art management information system to process and monitor Group performance, appropriate and timely information is made available to the Board members, who make additional inquiries when necessary. Any Director can call for a resolution to be presented to the Board if deemed necessary.

Name of the Director	Board Meeting	Audit Committee	Remuneration Committee	Related party
Total Number of meetings held	5	5	1	3
Mr. W. A. P. Perera	4/5	-	-	-
Mr. D. S. Panditha	5/5	-	-	-
Mr. P. Weerasingha	5/5	-	-	-
Ms. S. S. Kotakadeniya	5/5	-	-	-
Mr. P. E. A. B. Perera	5/5	5/5	1/1	3/3
Mr. B. W. N. Rupasinghe	4/5	5/5	1/1	3/3
Prof. A. K. W. Jayawardena	5/5	5/5	1/1	3/3
Mr. D. S. K. Amarasekera	1/5	-	-	-
Ms. T. A. P. Weerasinghe	5/5	-	-	-

AUTONOMOUS DECISION MAKING

Directors make independent decision-making regarding strategy, resource allocation, performance, key appointments and standards of business conduct. Therefore, the Company has ensured a sufficient balance of power within the Board through appropriate Board composition and representation to ensure that one or few members would not dominate the decision-making.

The Board collectively and the Directors individually act in accordance with the laws of the country of operation, which are applicable to the business enterprise. Likewise, the Board of Directors ensures that relevant procedures and processes are in place for the Company to comply with all applicable laws and regulations and presents a compliance checklist to the Audit Committee.

To enhance the effectiveness of the Board's decision-making and preserve overall independence, the Company seeks independent professional advice when deemed necessary at the expense of the Company, including that of the Company's external lawyers and auditors.

BOARD APPOINTMENT AND RE-ELECTION

Directors are appointed to the Board by the shareholders upon recommendations made by the Board. New Directors appointed are communicated immediately to shareholders through the Colombo Stock Exchange along with a brief resume of the newly appointed Director, their relevant expertise, key appointments, shareholding, and status of independence. Mr. Gunendra Jayasena was appointed to the Board as a Non-Executive Director w.e.f 29th August 2023 and the required announcement was made according to the shareholders.

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 114. Written communication is obtained from any Director resigning prior to the completion of his appointed term.

Directors reaching the age of 70 years are recommended for re-election by way of an ordinary resolution by the shareholders of the Company in terms of Sec.211 of the Companies Act No. 07 of 2007. Accordingly, Re-election of Mr. D.S. Panditha & Mr. B.W.N. Rupasinghe, who retire at the forthcoming Annual General Meeting as Directors, in terms of Section 210 of the Companies Act No. 07 of 2007 have been recommended by the Board of Directors for shareholders approval at the forthcoming AGM.

COMPANY SECRETARY

The Company Secretary ensures that proper Board procedures are followed in line with applicable laws, rules, and regulations to ensure good governance. The Company Secretary assists the Chairman and CEO in setting the agenda for the meeting and is responsible for maintaining Board minutes in consultation with the Chairman.

The main duties performed by the Company Secretary include;

- Conduct meetings in accordance with the Articles of Association and relevant legislation.
- Provide timely and accurate information needed for meetings and advice on matters relating to corporate governance and economic and social sustainability.
- Maintaining registers of shareholders, company changes, 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.

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 12
A.1.1	Board Meetings	☑	Refer - Meetings and attendance on page 34
A.1.2	Roles and Responsibilities of the Board	☑	Refer - Roles and responsibilities on page 34
A.1.3	Independent Professional Advice	☑	The Board members are permitted to obtain independent 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 35 The Company has provided an appropriate insurance cover for Key Management Personnel (KMP's) according to the Group policy
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	☑	The Company estimates that Non-Executive Directors devoted sufficient time for the Group during the year.
A.1.7	Calls for Resolutions	☑	All Directors are encouraged to submit any items/ proposals to the agendas of the Board meetings and the Articles of Association provides directions as to how directors can request for a circular resolution to be presented to the Board.

Corporate Governance

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
A.1.8	Board Induction and Training	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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.
A.3	Chairman's Role in Preserving Good Corporate Governance	<input checked="" type="checkbox"/>	Refer- Roles and Responsibilities on page 33 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.
A.4	Availability of Financial Acumen	<input checked="" type="checkbox"/>	Refer - Roles and Responsibilities on page 33 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	<input checked="" type="checkbox"/>	Seven of the Nine 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.
A.6	Provision of Appropriate and Timely Information	<input checked="" type="checkbox"/>	The Chairman meets with the Independent Non-Executive Directors as and when necessary. Board agendas and necessary Board Papers and minutes are dispatched in advance of the Board meetings.
A.7	Appointments to the Board	<input checked="" type="checkbox"/>	Board appointments follow a transparent and formal process. The Board is satisfied that the experience and exposure of the Board members are adequate to meet the strategic demands faced by the Company.
A.8	Re-election of Directors	<input checked="" type="checkbox"/>	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 the forthcoming AGM are given in the Notice of Meeting on page Written communication is obtained from any Director resigning prior to completion of his appointed term.
A.9	Appraisal of Board Performance	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	The names of the Directors of the Board, their expertise, skills and profiles are disclosed on pages 12 to 14 of this Annual Report. Directors' interests in contracts are indicated in Note 35.2 of the Financial Statements of this Annual Report.
A.11	Appraisal of the Chief Executive Officer	<input checked="" type="checkbox"/>	Refer Corporate Governance Report on pages 31 to 39. 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

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
B. Directors' Remuneration			
B.1	Remuneration Procedure	<input checked="" type="checkbox"/>	<p>The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 45 of this Annual Report</p> <p>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</p>
B.2	Level and Make-up of Remuneration	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	Remuneration Committee Report on page 45
C. Relations with Shareholders			
C.1	Constructive use of the AGM and other General Meetings	<input checked="" type="checkbox"/>	<p>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.</p> <p>At the AGM, the Chairman of each sub-committee provides any clarification required by Shareholders.</p> <p>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</p>
C.2	Communication with shareholders	<input checked="" type="checkbox"/>	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
C.3	Disclosure of Major and Material Transactions	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	<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 (pages 49 to 51) • Statement of Directors' Responsibility (page 48) • Management Discussion and Analysis (Pages 16 to 28) • Independent Auditors' Report (pages 52 to 55) • Related Party Transactions in Note 20 in the Financial Statements
D.2	Process of Risk Management and a sound system of Internal controls	<input checked="" type="checkbox"/>	<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 pages 40 to 42.</p>

Corporate Governance

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
D.3	Audit Committee	<input checked="" type="checkbox"/>	Refer - Audit Committee Report (page 43)
D.4	Related Party Transactions Review Committee	<input checked="" type="checkbox"/>	Refer - Related Party Transactions Review Committee Report (page 46)
D.5	Code of Conduct and Ethics	<input checked="" type="checkbox"/>	Refer - <ul style="list-style-type: none"> • Our Employees on pages 24 to 27 • Chairman's Message on pages 7 to 8
D.6	Corporate Governance Disclosures	<input checked="" type="checkbox"/>	Refer - Corporate Governance Report on pages 31 to 39
E/F	Institutional and Other Investors		
E.1&F.1	Encourage voting at AGM – Institutional and other investors	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	Institutional investors are encouraged to give due consideration to all relevant factors related to Board structure and composition
F.2	Investing/divesting decisions	<input checked="" type="checkbox"/>	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.
G.	Internet of Things & Cyber security	<input checked="" type="checkbox"/>	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 which monitors and reviews the Management's initiatives to ensure that information technology risks, including emerging cyber security risks, are managed appropriately. Consequently, data protection and cyber security matters are regularly addressed at Board meetings. This is headed by the IT Manager who is responsible for the Group's IT security strategy and safeguarding against cyber threats
H.	Environment, Society & Governance	<input checked="" type="checkbox"/>	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. Refer- <ul style="list-style-type: none"> • Risk management on pages 40 to 42. • Environmental Sustainability on pages 28 to 30. • Corporate Governance on pages 31 to 39.

Rule No.	Applicable Requirements	Compliance	Company's Action
7.10.1	Non – Executive Directors		
7.10.1(a)	Non-Executive Directors (NEDs) on the Board	<input checked="" type="checkbox"/>	7 out of 9 Board members are NEDs
7.10.2	Independent Directors		
7.10.2(a)	Independent Directors	<input checked="" type="checkbox"/>	3 out of the 7 NEDs are independent
7.10.2(b)	Declaration of Independence	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	Board of Directors - page 12
7.10.3(b)	The basis for determining the independence of NEDs, if criteria for independence is not met	<input checked="" type="checkbox"/>	Based on the declarations received from the Non-Executive Directors the Board has determined that three directors are independent
7.10.3(c)	A brief resume of each Director should be included in the Annual Report, including his area of expertise	<input checked="" type="checkbox"/>	Board of Directors - pages 13 to 14
7.10.3(d)	Upon appointment of a new Director a brief resume of the Director should be submitted to the SEC	<input checked="" type="checkbox"/>	Corporate Governance - pages 31 to 39.
7.10.4	Criteria for defining the Independence of Directors		
	Requirements for meeting the criteria to be an Independent Director	<input checked="" type="checkbox"/>	All of the Independent Directors of the Company met the criteria for independency specified in this rule. Prof. Ananda Jayawardane and Mr. Nimal Rupasinghe have served over nine years on the Board. The Board is of the opinion that the aforesaid Directors are nevertheless independent by considering all the circumstances and is satisfied that they are free of material business or other relationship that could interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgments.
7.10.5	Remuneration Committee		
7.10.5(a)	Composition of the Remuneration Committee	<input checked="" type="checkbox"/>	Report of the Remuneration Committee (page 45)
7.10.5(b)	Functions of the Remuneration Committee	<input checked="" type="checkbox"/>	Report of the Remuneration Committee (page 45)
7.10.5(c)	Disclosure in the Annual Report relating to the Remuneration Committee	<input checked="" type="checkbox"/>	Report of the Remuneration Committee (page 45)
7.10.6	Audit Committee		
7.10.6(a)	Composition of the Audit Committee	<input checked="" type="checkbox"/>	Report of the Audit Committee (page 43)
7.10.6(b)	Functions of the Audit Committee	<input checked="" type="checkbox"/>	Report of the Audit Committee (page 43)
7.10.6(c)	Disclosure in the Annual Report relating to the Audit Committee	<input checked="" type="checkbox"/>	Report of the Audit Committee (page 43)

Risk Management Review

Risk Management is a vital component that empowers an organisation to identify and deal with potential risks, thereby proactively driving sustainable value creation. Therefore, by establishing a robust risk management framework, a Company is able to identify, analyse and effectively respond to risk factors, thereby acting proactively to reduce or mitigate potential risks that may occur in the future. This will strengthen the Company's ability to tackle the challenges emanating from externalities while recognising the opportunities for business growth.

Risk Landscape in FY 2022/23

The risk environment during the year under review was mainly impacted by the prevailing economic crisis and related political unrest at the time. The contraction of the economy, as well as all the key sectors, continues to impact the overall business environment.

The construction sector also contracted with subdued performance in construction-related indicators. On the supply side, the scarcity of raw materials, fuel shortages, soaring input prices, lack of supplier credit and overdue payments on completed government-funded projects continue to impact the sector's performance. On the demand side, issues such as the suspension of government-funded projects and the high-interest rate environment that curtailed private investment further aggravated the situation.

While these issues had a direct implication for the Company's risk profile, our prudent internal controls and risk management practices protected us against these odds preventing any serious threats to our operations, thereby ensuring strong performance during the year.

APPROACH TO RISK MANAGEMENT

At Sierra Cables, risk management is considered an ongoing, forward-looking process that is steered by the Company's leadership and robust risk management framework that encompasses all levels of operations. The Board of Directors hold the ultimate responsibility of managing risks, communicating risk strategy and approving policies for effective risk management, while the Audit Committee reviews the comprehensive risk profile and receives quarterly reports on risk management, which includes individual company risk portfolios, sound internal control systems and other mitigation actions.

Strategic Business Units are held responsible for identifying, measuring, monitoring, managing and reporting risks giving due consideration to the business climate, competition, stakeholder concerns and the SBU's business goals.

MANAGING RISKS



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 Executive Directors and CEO.
- 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.



THREE LEVELS OF DEFENCE

Sierra Cables utilise the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk. This has been instrumental in embedding effective risk management throughout the organisation.

1st line of defence: Management	<ul style="list-style-type: none"> Each department head is responsible for identifying the key risks affecting the respective areas in the business that they handle and adopting appropriate risk mitigation measures with the approval of the Executive Directors and CEO. The 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 at the year-end is reported to the Board Audit Committee via the management letter.
2nd line of defence: Board Audit Committee	<ul style="list-style-type: none"> 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.
3rd line of defence: Board of Directors	<ul style="list-style-type: none"> Retains overall accountability for the governance of risk and effective risk management.

RISK MANAGEMENT PROCESS

The Company has implemented a well-planned risk management process that involves risk identification, analysis, mitigation, implementation and monitoring, as well as review. These steps are given below;

Risk Identification	The purpose of risk identification is to find, recognise and describe risks that might help or prevent an organisation from 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, minimise, 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 REGISTER

The Company maintain a risk register, which is addressed quarterly with risk owners to support the above risk management process.

RISK CULTURE

The Company has also inculcated a culture of risk awareness amongst its employees, emphasising the collective responsibility of employees in risk management. Risk management is considered a responsibility of all employees and not a separate and standalone process. Therefore, exposure to regular risk awareness training is considered a vital element in the training calendar of the organisation.

Risk Management Review

KEY RISKS

Key risks	Risk Level	Impact	Response and mitigating action in 2022/23
Financial Risk	H	Escalating cable prices due to economic challenges may lead to decreased sales and revenue, affecting financial stability. Unpredictable currency fluctuations could further impact profitability. Higher lending rates can raise borrowing costs, affecting spending, investments, and financial stability.	<ul style="list-style-type: none"> Implement rigorous cost analysis and control measures. Explore hedging strategies to manage currency risk. Maintain cash reserves. Maintain a proper combination of fixed and floating rates and Effective management of working capital
Market Risk	H	The decline in the local construction industry has caused reduced demand for construction-related products. This shift may result in excess production capacity and missed growth opportunities.	<ul style="list-style-type: none"> Diversify product portfolio to cater to different industries. Explore export markets.
Customer Risk	M	Economic hardships may impact customers' purchasing power, affecting their ability to buy cables. Customer retention and loyalty might decline, leading to potential revenue loss.	<ul style="list-style-type: none"> Cultivate strong customer relationships. Provide flexible payment options. Adapt product offerings to suit changing needs. Enhance export market presence and place representatives at target locations.
Employee Risk	M	Migration of talented employees due to country situation could lead to a loss of critical skills and expertise. This might impact production quality, employee morale, and hinder innovation.	<ul style="list-style-type: none"> Implement employee retention strategies. Foster a supportive work environment. Identify training needs through skill gap analysis and provide ongoing as well as cross functional trainings to increase awareness of other department functions.
Inventory & Supply Chain Risk	M	Dependency on imported raw materials and poor inventory management could result in production delays, potentially leading to stockouts or increased holding costs.	<ul style="list-style-type: none"> Strengthen supply chain partnerships. Implement advanced inventory tracking and management systems.
Information Risk	M	Real time accurate information greatly impacts management decisions and a loss of sensitive information may lead to a loss of competitive advantage.	<ul style="list-style-type: none"> Regular system upgrades and implementing the ERP system inclusive of new functions. Improving cyber security to protect confidential information.

Report of The Board Audit Committee

COMPOSITION AND MEETINGS

The Audit Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2023 the Committee comprised of the following Directors.

Name	Category	Meetings Attended
P.E.A.B. Perera (C)	INED	4/4
Prof. A.K.W. Jayawardane	INED	4/4
Eng. B.W.N. Rupasinghe	INED	4/4

(C)- Chairman

INED- Independent Non-Executive Director

ACTIVITIES IN 2022/23

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.

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.

Report of The Board Audit Committee

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.

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 2022/23, conducted by the Chairman and Committee Members and the review concluded that the Committee continues to operate effectively.

(Sgd.)

Mr. P.E.A.B. Perera

Chairman- Audit Committee

29th August 2023

Report of The Board Remuneration Committee

COMPOSITION AND MEETINGS

The Remuneration Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2023 the Committee comprised of the following Directors.

Name	Category	Meetings Attended
Prof. A.K.W. Jayawardane (C)	INED	1/1
P.E.A.B. Perera	INED	1/1
Eng. B.W.N. Rupasinghe	INED	1/1

(C)- Chairman

INED- Independent Non-Executive Director

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

29th August 2023

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 Chairman, Managing Director and Deputy Chief Executive Officer.
- Succession Planning for key positions of the Company.

ACTIVITIES IN 2022/23

- Evaluated the Company Remuneration Policy against the current market trends and industrial norms.
- Evaluated the performance of the Managing Directors, Deputy 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.

Report of The Board Related Party Transactions Review Committee

COMPOSITION AND MEETINGS

The Related Party Transactions Review Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board. As at 31st March 2023 the Committee comprised of the following Directors.

Name	Category	Meetings Attended
P.E.A.B. Perera (C)	INED	4/4
Prof. A.K.W. Jayawardane	INED	4/4
Eng. B.W.N. Rupasinghe	INED	4/4

(C)- Chairman

INED- Independent Non-Executive Director

* Eng. B.W.N. Rupasinghe has been appointed as Committee Chairman with effect 23rd May 2023

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 advantages 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 authorised 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 2022/23

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

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 20 to the Financial Statements on pages 89 to 90.

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.

(Sgd.)

P.E.A.B. Perera

Chairman-Related Party Transactions Review Committee

29th August 2023



Powering Growth Shaping Innovation

FINANCIAL CALENDAR

Financial year end	31st March 2023
Interim results for financial year 2022/23	
1st quarter	15th August 2022
2nd quarter	14th November 2022
3rd Quarter	15th February 2023
4th Quarter	31st May 2023
Audited Financial Statements	01st September 2023
20th Annual General Meeting	26th September 2023

Statement of Directors' Responsibility

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2023 which have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange and the Companies Act No.7 of 2007, is set out in the following statement.

The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on pages 52 to 55 of the Report. As per the provisions of the Companies Act No. 7 of 2007, the Directors are required to prepare Financial Statements, for each financial year and place before a General Meeting which comprise of:

- 1) An Income Statement, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year;
- 2) 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;
- 3) A Statement of Changes in Equity which presents a true and fair view of the changes in the Company's and its Subsidiaries' retained earnings for the financial year;
- 4) A Statement of Cash Flow which presents a true and fair view of the flow of cash in and out of the business for the financial year;

and which comply with the requirements of the Act.

The Directors are of the view that, in preparing these Financial Statements:

- The appropriate accounting policies have been selected and applied in a consistent manner. Material deviations, if any have been disclosed and explained;

- All applicable Accounting Standards, as relevant, have been followed;
- Judgements and estimates have been made which are reasonable and prudent.

The Directors are also of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these 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, also to reflect the transparency of transactions and to ensure that the Financial Statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for taking reasonable steps to safeguard the Assets of the Company and that 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.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their Audit Opinion.

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Balance Sheet date have been paid or, where relevant provided for.

The Board of Directors confirms that the Company, based on the information available, satisfies the Solvency test as and when required according to the Section 56(2) of the Companies Act No 07 of 2007.

By order of the Board

(Sgd.)

Mr. W. A. P. Perera

Chairman / Non-Executive Director

29th August 2023

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 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing, marketing and distribution of power cables. The two subsidiaries, Sierra Industries (Private) Limited and Sierra Cables East Africa Limited are engaged in the manufacturing of uPVC pipes and fittings and manufacture and sale of wires and cables, respectively. The two associate Companies and the Joint Venture, Tea Leaf Resort (Private) Limited, T & G Lanka (Private) Limited and Cables PTE Limited are diversified into leisure sector and manufacturing of cables, respectively.

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 7 to 8 and the Chief Executive Officer's report on pages 9 to 10 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 confirm the Company is in compliance with the requirements of the Companies Act No. 07 of 2007. Details are given on pages 56 to 63.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 52 to 55.

FINANCIAL RESULTS

The Group made Profit After Taxation of Rs. 703 Mn during the year compared to Rs. 472 Mn in the previous year. The detailed results are given in the Income Statement on page 56.

DIVIDENDS

No dividends were made 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 on pages 64 to 74 and changes to accounting policies made during the accounting period is described under Note 3 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

An analysis of the Property, Plant and Equipment of the Company is disclosed in Note 12 of the Financial Statements on pages 78 to 80.

STATED CAPITAL

The stated Capital of the Company as at the date of this report is Rs. 894,565,898/- which consists of 537,512,430 ordinary voting shares.
(2021/2022 - Rs. 894,565,898 which consists of 537,512,430 ordinary voting shares)

RESERVES

The Group retained earnings and other reserves as at 31st March 2023 amounted to Rs. 3,390,552,378/- as compared with Rs. 2,874,719,219/- in the previous year.

DONATIONS

Donations made by the Company during the year amounted to Rs. 408,390/-.

CAPITAL COMMITMENTS

There were no material capital commitment as at the reporting period as disclosed in the Note 32 of the financial statements.

PROVISION FOR THE TAXATION

Provision for taxation of the Company is disclosed in Note 9 of 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

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

Post balance sheet events of the Company are disclosed in Note 33 of 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 on pages 40 to 42.

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/Chairman

Mr. D. S. Panditha - Executive Director

Mr. P. Weerasingha - Executive Director

Ms. S. S. Kotakadeniya - Non- Executive Director

Ms. T. A. P. Weerasinghe - Non-Executive Director

(Resigned w.e.f.11th August 2023)

Mr. P. E. A. B. Perera - Independent Non-Executive Director

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

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

Mr. D. S. K. Amarasekara - Non-Executive Director

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

APPOINTMENT OF DIRECTORS

Mr. D. S. K. Amarasekara was appointed to the Board w.e.f. 06th June 2022 as a Non-Executive Director.

Mr. Gunendra Jayasena was appointed to the Board on 29th August 2023 as a Non-Executive Director.

RESIGNATION OF DIRECTORS

Ms. T. A. P. Weerasinghe – Non-Executive Director resigned w.e.f. 11th August 2023.

RE-ELECTION OF DIRECTORS

- Mr. D.S.K. Amarasekara who retires by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offers himself for re-election.
- Mr. P. Weerasingha who retires by rotation in accordance with Article 91 of the Articles of Association of the Company and being eligible, offers himself for re-election.
- Mr. G. Jayasena retires by rotation in accordance with Article 97 of the Articles of Association of the Company and being eligible, offers himself for re-election.
- Directors hereby recommend that Mr. D.S. Panditha and Mr. B. W. N. Rupasinghe, who vacate office in terms of Section 210 (2) (b) of the Companies Act, be re-appointed as Directors of the Company, in terms of Section 211 of the Companies Act No. 7 of 2007 for a period of one year or until the conclusion of the next Annual General Meeting whichever occurs first and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Directors.

CORPORATE GOVERNANCE

The information called for by this item with respect to the practice followed by the Company is set out in the Corporate Governance Report on pages 31 to 39.

BOARD COMMITTEES

The Board established the following Committees for better monitoring and guidance of different aspect of operations and control.

AUDIT COMMITTEE

Mr. P. E. A. B. Perera – Chairman
Prof. A.K.W. Jayawardane - Member
Mr. B.W.N. Rupasinghe - Member

REMUNERATION COMMITTEE

Prof. A.K.W. Jayawardane - Chairman
Mr. B.W.N. Rupasinghe - Member
Mr. P. E. A. B. Perera - Member

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. B.W.N. Rupasinghe – (appointed as the Chairman w.e.f. 23rd May 2023)
Mr. P. E. A. B. Perera – Member (stepped down from the chair w.e.f. 23rd May 2023)
Prof. A.K.W. Jayawardane - Member

NOMINATIONS COMMITTEE

Mr. W.A.P. Perera - Chairman
Prof. A.K.W. Jayawardane – Member

RELATED PARTY TRANSACTIONS

In terms of Section 9 of the Listing Rules of the CSE, there were no any related party transactions that required shareholder approval or non-recurrent related party transactions that required immediate market disclosures during the year under review except those which were duly disclosed by way of market announcements via CSE website.

The Directors declare that the Company has complied with Section 9 of the Listing Rules of the CSE.

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 2022/23 is given in Note 7 to the financial statements on page 75.

DIRECTORS' INTEREST IN SHARES

Name	No. of Shares as at 31st March 2023	No. of Shares as at 31st March 2022
Mr. W.A.P. Perera	598,078	598,078
Mr. D.S. Panditha	11,738,918	11,738,918
Mr. P. Weerasingha	60,000	60,000
Ms. S. S. Kotakadeniya	-	-
Ms. T.A.P. Weerasinghe	-	-
Mr. D S K Amarasekara	-	-
Mr. P.E.A.B. Perera	-	-
Mr. B.W.N. Rupasinghe	-	-
Prof. A.K.W. Jayawardane	-	-

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 35.2.1 on page 117 of the financial statements.

SHAREHOLDERS INFORMATION

The distribution and analysis of shareholding is given on page 109.

PUBLIC SHAREHOLDING

The percentage of public shareholding as at 31st of March 2023 was 41.84% (2022 – 29.10%).

FLOAT ADJUSTED MARKET CAPITALISATION

The float adjusted market capitalization for the year ended 31st March 2023 was Rs. 2,698,742,409/-

The float adjusted market capitalization of the Company falls under Option-5 as per section 7.14.1 (a) of the Listing Rules of Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is on page 114.

AUDITORS

The Financial Statements for the year ended 31st March 2023 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.

The Auditors Messrs. KPMG, Chartered Accountants were paid Rs. 2,196,000/- (2021/22 Rs. 1,750,000/-) as Audit fees by the Company.

A resolution relating to their re-appointment and authorizing the Directors to determine their remuneration will be proposed at the Annual General Meeting.

ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 29th August 2023. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the stipulated time frame.

By Order of the Board

(Sgd.)

Mr. W. A. P. Perera

Chairman / Non-Executive Director

(Sgd.)

Mr. D. S. Panditha

Executive Director

(Sgd.)

LOLC Corporate Services (Private) Limited

Secretaries

29th August 2023
Colombo

Independent Auditors' Report



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

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

To the Shareholders of 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 31st March 2023, and the income statements, statements 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 as set out on pages 56 to 107 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 31st March 2023, 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 Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. 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 18 to the financial statements and the accounting policies in note 3.7 to the Financial Statements.

Risk Description

The Company and the Group recorded inventories of Rs. 1.962 Bn and Rs. 2.290 Bn respectively as at 31st March 2023 at lower of cost and net realizable value.

The Company and the Group have a significant amount of inventory 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 realizable value.

Our response

Our audit procedures included;

- Obtaining an understanding and assessing the design, implementation, and operating effectiveness of management's key controls over the inventory valuation and monitoring.
- 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 a sample basis, physically verifying the inventories and challenging the inventory provisioning in line with our observations of potentially obsolete inventory.
- Performing roll-back procedures to ensure the movements between the physical verification date and inventories as at reporting date is accurate.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA(UK), FTII

T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA



Carrying value of Inventories

Refer note 18 to the financial statements and the accounting policies in note 3.7 to the Financial Statements.

Risk Description

Given the level of judgements and estimates involved, this is considered to be a key audit matter.

Our response

- On a sample basis, assessing the realisations of inventories after the period end, in particular of clearance categories, and comparing these to the expected recoveries with the cost to identify any instances of NRV is lower than cost.
- 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 19 to the financial statements and the accounting policies in note 3.9 to the Financial Statements.

Risk Description

The Company and the Group recorded trade receivable balance (net of impairment) of Rs. 1.242 Bn and Rs. 1.379 Bn respectively as at 31st March 2023.

The determination of impairment provision using the expected credit loss model is subject to a number of key parameters and assumptions, estimates of the 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 recoverability of trade receivables remains one of the most significant judgment made by the management particularly in light of the prevailing uncertain and volatile macro-economic outlook in Sri Lanka as at the reporting date.

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).

Our response

Our audit procedures included;

- Obtaining an understanding and assessing the design, implementation, and operating effectiveness of management's key internal controls over the approval, recording, and monitoring of trade receivables.
- Assessing the reliability of the expected credit loss model used by management 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 assessing the appropriateness of assumptions.
- Recalculating the amount of impairment for samples of trade receivables to verify the calculation accuracy of the impairment provision.
- Evaluating whether the disclosures on impairment of trade receivables meet the disclosure requirements of the prevailing accounting standards.

Independent Auditors' Report



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.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 2599.

A handwritten signature in black ink, appearing to be 'Kpm' followed by a long horizontal stroke.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

01st September 2023

Income Statement

For the year ended 31st March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	5	7,069,360,002	8,257,835,280	6,987,336,922	7,815,415,841
Cost of Sales		(4,504,573,516)	(6,713,699,940)	(4,385,977,342)	(6,369,211,317)
Gross Profit		2,564,786,486	1,544,135,340	2,601,359,580	1,446,204,524
Other Income	6	37,290,715	40,245,489	29,506,658	39,374,419
Selling and Distribution Expenses		(319,215,356)	(276,627,599)	(295,531,038)	(262,850,933)
Administrative Expenses		(347,159,496)	(176,179,023)	(327,896,509)	(141,844,205)
Other Operating Expenses		(210,166,151)	(52,634,009)	(60,083,146)	(85,850,098)
Profit from Operations	7	1,725,536,198	1,078,940,198	1,947,355,545	995,033,707
Finance Income	8.1	52,368,765	15,250,984	60,375,900	15,183,763
Finance Cost	8.2	(926,645,818)	(531,244,267)	(840,284,842)	(547,586,721)
Net Finance Costs	8	(874,277,053)	(515,993,283)	(779,908,942)	(532,402,958)
Share of Profit of Equity-Accounted Investees, (Net of Tax)	16	87,231,621	20,690,955	-	-
Profit Before Taxation		938,490,766	583,637,870	1,167,446,603	462,630,749
Income Tax Expense	9	(235,138,439)	(111,956,885)	(214,407,835)	(88,520,965)
Profit for the Year		703,352,327	471,680,985	953,038,768	374,109,784
Profit/(Loss) Attributable to :					
Owners of the Company		707,411,449	465,548,034	953,038,768	374,109,784
Non - Controlling Interests		(4,059,121)	6,132,951	-	-
Profit for the Year		703,352,327	471,680,985	953,038,768	374,109,784
Basic Earnings Per Share	10	1.32	0.87	1.77	0.70

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 64 to 107 of the Annual Report.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit for the Year		703,352,327	471,680,985	953,038,768	374,109,784
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss					
Revaluation Surplus on Land , Building & Motor Vehicle	12	-	733,193,509	-	626,991,822
Deferred Tax Impact on Revaluation Surplus of Land & Building		-	(123,205,540)	-	(104,089,237)
Deferred Tax Impact on Revaluation Reserve due to Rate Change		(275,256,471)	-	(256,291,709)	-
Actuarial Gain/(Loss) on Defined Benefit Obligation	24	15,098,067	(5,058,407)	14,568,778	(5,198,531)
Deferred Tax Impact on Actuarial Gain/ (Loss)		(4,479,427)	904,496	(4,370,633)	929,718
Equity Investments at FVOCI - Net Change in Fair Value		182,161	327,334	182,161	327,334
Items that are or may be Reclassified to Profit or Loss					
Foreign Operations- Foreign Currency Translation Difference		74,901,549	198,248	-	-
Other Comprehensive Income for the Year, Net of Tax		(189,554,121)	606,359,640	(245,911,403)	518,961,106
Total Comprehensive Income for the Year		513,798,206	1,078,040,625	707,127,365	893,070,890
Total Comprehensive Income Attributable to :					
Owners of the Company		515,833,157	1,063,805,575	707,127,365	893,070,890
Non - Controlling Interests		(2,034,951)	14,235,050	-	-
Total Comprehensive Income for the Year		513,798,206	1,078,040,625	707,127,365	893,070,890

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 64 to 107 of the Annual Report.

Statement of Financial Position

		Group		Company	
As at 31st March	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	12	2,719,004,672	2,799,890,735	2,253,829,341	2,039,081,384
Intangible Assets	13	47,738,492	571,586	-	571,586
Right- of-Use Assets	14	-	123,677	-	123,677
Investments in Subsidiaries	15	-	-	89,876,892	89,876,892
Investment in Equity-Accounted Investees	16	131,985,788	53,266,907	31,610,163	31,610,163
Other Non-Current Assets	17	29,545,511	29,344,528	29,545,511	29,344,528
Total Non-Current Assets		2,928,274,463	2,883,197,433	2,404,861,907	2,190,608,230
Current Assets					
Inventories	18	2,289,819,575	2,032,132,009	1,962,123,881	1,786,169,315
Trade and Other Receivables	19	1,964,690,027	2,742,021,334	1,713,539,509	2,086,264,904
Amounts due from Related Companies	20	106,859,947	87,064,544	677,048,515	714,505,444
Short Term Investment	21	137,725,637	-	137,725,637	-
Cash and Cash Equivalents	22	264,094,509	326,240,025	243,972,970	315,863,259
Total Current Assets		4,763,189,695	5,187,457,912	4,734,410,512	4,902,802,922
Total Assets		7,691,464,158	8,070,655,345	7,139,272,419	7,093,411,152
EQUITY AND LIABILITIES					
Equity					
Stated Capital	23.1	894,565,898	894,565,898	894,565,898	894,565,898
Revaluation Reserve	23.2	1,333,893,935	1,614,753,772	1,178,018,232	1,441,509,941
Fair Value Reserve	23.3	17,887,163	17,705,002	17,887,163	17,705,002
Foreign Currency Translation Reserve	23.4	80,369,805	9,213,333	-	-
Retained Earnings		1,958,401,475	1,233,047,112	2,078,961,291	1,108,524,378
Total Equity Attributable to Equity Holders of the Company		4,285,118,276	3,769,285,117	4,169,432,584	3,462,305,219
Non-Controlling Interest	15.4	25,100,535	27,135,487	-	-
Total Equity		4,310,218,811	3,796,420,604	4,169,432,584	3,462,305,219
Non-Current Liabilities					
Retirement Benefit Obligations	24	80,893,996	80,106,867	79,402,004	78,547,281
Deferred Tax Liabilities	25	512,602,346	293,977,241	394,186,422	235,253,051
Term Loans Due After One Year	26	379,635,225	301,965,253	284,979,225	149,601,249
Total Non-Current Liabilities		973,131,567	676,049,361	758,567,651	463,401,581

		Group		Company	
As at 31st March	Note	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current Liabilities					
Trade and Other Payables	28	528,021,033	1,372,248,737	456,414,713	1,264,874,861
Term Loans Due Within One Year	26	922,323,595	132,670,133	864,615,591	80,622,024
Lease Liability Due Within One Year	27	-	360,782	-	360,782
Amounts due to Related Companies	29	280,865,607	1,243,932	280,896,273	30,666
Import Demand Loans	30	349,016,655	1,682,392,479	349,016,655	1,549,340,079
Income Tax Payable		255,136,942	84,732,265	257,933,505	67,220,938
Bank Overdraft	22	72,749,948	324,537,052	2,395,447	205,255,002
Total Current Liabilities		2,408,113,780	3,598,185,380	2,211,272,184	3,167,704,352
Total Liabilities		3,381,245,347	4,274,234,741	2,969,839,835	3,631,105,933
Total Equity and Liabilities		7,691,464,158	8,070,655,345	7,139,272,419	7,093,411,152
Net Asset Value per Share		7.97	7.01	7.76	6.44

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 64 to 107 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.)

S.S. Kotakadeniya

Director

(Sgd.)

Shamendra Panditha

Director

29th August 2023

Colombo

Consolidated Statement of Changes in Equity

For the year ended 31st March	Attributable to Owners of the Company							
Group	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 2021	894,565,898	1,012,847,327	9,024,997	17,377,668	771,663,652	2,705,479,542	12,900,437	2,718,379,979
Profit for the Year	-	-	-	-	465,548,034	465,548,034	6,132,951	471,680,985
Other Comprehensive Income								
Equity Investments at FVOCI -								
Net Change in Fair Value	-	-	-	327,334	-	327,334	-	327,334
Actuarial Gain on Retirement Benefit Obligation, Net of Tax	-	-	-	-	(4,164,574)	(4,164,574)	10,663	(4,153,911)
Revaluation Surplus on Land , Building & Motor Vehicle, Net of Tax	-	601,906,445	-	-	-	601,906,445	8,081,524	609,987,969
Net exchange differences on translation of foreign operations	-	-	188,336	-	-	188,336	9,912	198,248
Total Comprehensive Income for the Year	-	601,906,445	188,336	327,334	461,383,460	1,063,805,575	14,235,050	1,078,040,625
Balance as at 31st March 2022	894,565,898	1,614,753,772	9,213,333	17,705,002	1,233,047,112	3,769,285,117	27,135,487	3,796,420,604
Balance as at 1st April 2022	894,565,898	1,614,753,772	9,213,333	17,705,002	1,233,047,112	3,769,285,117	27,135,487	3,796,420,604
Profit for the Year	-	-	-	-	707,411,449	707,411,449	(4,059,121)	703,352,328
Other Comprehensive Income								
Equity Investments at FVOCI -								
Net Change in Fair Value	-	-	-	182,161	-	182,161	-	182,161
Actuarial Gain on Retirement Benefit Obligation, Net of Tax	-	-	-	-	10,579,618	10,579,618	39,022	10,618,640
Deferred Tax impact on Revaluation Reserve due to Rate change	-	(273,496,541)	-	-	-	(273,496,541)	(1,759,930)	(275,256,471)
Net exchange Differences on Translation of Foreign Operations	-	-	71,156,472	-	-	71,156,472	3,745,077	74,901,549
Revaluation Reversal on Disposal Asset	-	(7,363,296)	-	-	7,363,296	-	-	-
Total Comprehensive Income for the Year	-	(280,859,837)	71,156,472	182,161	725,354,363	515,833,159	(2,034,952)	513,798,207
Balance as at 31st March 2023	894,565,898	1,333,893,935	80,369,805	17,887,163	1,958,401,475	4,285,118,276	25,100,535	4,310,218,811

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 64 to 107 of the Annual Report.

Company Statement of Changes in Equity

For the year ended 31st March	Stated Capital	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total
Company	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April 2021	894,565,898	918,607,356	17,377,668	738,683,407	2,569,234,329
Profit for the Year	-	-	-	374,109,784	374,109,784
Other Comprehensive Income					
Equity Investments at FVOCI -					
Net Change in Fair Value	-	-	327,334	-	327,334
Actuarial Loss on Retirement Benefit Obligation, Net of Tax	-	-	-	(4,268,813)	(4,268,813)
Revaluation Surplus on Land , Building & Motor Vehicle, Net of Tax	-	522,902,585	-	-	522,902,585
Total Comprehensive Income for the Year	-	522,902,585	327,334	369,840,971	893,070,890
Balance as at 31st March 2022	894,565,898	1,441,509,941	17,705,002	1,108,524,378	3,462,305,219
Balance as at 1st April 2022	894,565,898	1,441,509,941	17,705,002	1,108,524,378	3,462,305,219
Profit for the Year	-	-	-	953,038,768	953,038,768
Other Comprehensive Income					
Equity Investments at FVOCI -					
Net Change in Fair Value	-	-	182,161	-	182,161
Deferred Tax Impact on Revaluation Reserve due to Rate Change	-	(256,291,709)	-	-	(256,291,709)
Actuarial Gain on Retirement Benefit Obligation	-	-	-	10,198,145	10,198,145
Revaluation Reversal on Disposal Asset	-	(7,200,000)	-	7,200,000	-
Total Comprehensive Income for the Year	-	(263,491,709)	182,161	970,436,913	707,127,365
Balance as at 31st March 2023	894,565,898	1,178,018,232	17,887,163	2,078,961,291	4,169,432,584

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 64 to 107 of the Annual Report.

Statement of Cash Flow

		Group		Company	
For the year ended 31st March	Notes	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash Flow from Operating Activities					
Profit Before Tax		938,490,766	583,637,870	1,167,446,603	462,630,749
Adjustments for:					
Depreciation	12	180,310,390	165,699,118	135,369,242	117,642,067
Amortization of Intangible Asset	13	571,586	1,983,959	571,586	1,983,959
Provision for Impairment of Trade Receivables	19	50,458,788	74,416,215	50,414,690	57,000,000
Provision for Impairment of Related Party Receivable	20	-	2,500,000	-	55,850,098
Loss on Disposal of Property, Plant and Equipment		10,531,917	-	2,836,555	-
Written Back of Creditors No Longer Payable	6	(7,784,057)	-	-	-
Share of Profit of Equity-Accounted Investees, (Net of Tax)	16	(87,231,621)	(20,690,955)	-	-
Loss on Recovery of Related Party Receivable		-	-	14,591,011	-
Provision for Impairment of Inventories	18	(29,111,679)	26,404,378	(25,425,289)	20,520,369
Right of Use Asset - Depreciation	14	123,677	595,532	123,677	595,532
Provision for Impairment of Other Receivables	19	228,393,380	30,000,000	46,538,631	30,000,000
Provision for Employee Benefit Obligation	24	18,573,070	12,074,953	18,111,376	11,599,523
Net Foreign Exchange Gain/Loss		(152,022,647)	117,223,518	(237,256,080)	199,605,908
Interest Expenses	8.2	1,078,668,465	164,004,033	1,077,540,922	137,643,639
Interest Income	8.1	(51,647,213)	(14,942,359)	(51,141,608)	(14,875,138)
Dividend Income	8.1	(721,552)	(308,625)	(9,234,292)	(308,625)
Operating Profit Before Working Capital Changes		2,177,603,270	1,142,597,637	2,190,487,024	1,079,888,081
(Increase)/Decrease in Inventories		(276,314,380)	(315,431,152)	(150,529,274)	(167,201,522)
(Increase)/Decrease in Trade and Other Receivables		307,476,554	(93,908,895)	342,104,860	155,540,722
(Increase)/Decrease in Dues from Related Parties		(19,795,403)	6,488,505	(107,458,555)	(427,500,432)
Increase/(Decrease) in Trade and Other Payables		(651,847,829)	(879,139,547)	(940,981,801)	(812,914,907)
Increase/(Decrease) in Dues to Related Parties		279,621,675	38,465	280,865,607	(473,928)
Cash Generated from Operations		1,816,743,887	(139,354,987)	1,614,487,861	(172,661,986)
Interest Expense Paid	8	(904,922,042)	(162,920,522)	(903,794,499)	(136,560,128)
Income Tax Paid		(125,844,554)	(98,656,088)	(125,424,238)	(98,656,088)
Retirement Benefit Paid	24	(2,687,875)	(1,419,250)	(2,687,875)	(1,419,250)
Net Cash From/(Used In) Operating Activities		783,289,416	(402,350,847)	582,581,249	(409,297,452)

		Group		Company	
For the year ended 31st March	Notes	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash Flows from Investing Activities					
Interest Income Received		36,330,208	14,942,359	35,824,603	14,875,138
Dividend Received from Equity-Accounted Investees		8,512,740	-	8,512,740	-
Dividend Received from FVOCI Investment		702,729	308,625	702,729	308,625
Purchase of Property, Plant and Equipments	12	(110,001,245)	(280,962,834)	(77,613,754)	(59,171,417)
Proceeds from Disposal of Property, Plant and Equipment		45,000	-	-	-
Investment in Commercial Paper		(137,725,637)	-	(137,725,637)	-
Net Cash From/(Used In) Investing Activities		(202,136,205)	(265,711,850)	(170,299,319)	(43,987,654)
Cash Flows from Financing Activities					
Proceed from Interest-Bearing Borrowings		3,884,529,908	6,550,876,144	3,812,329,408	6,038,488,769
Repayment of Interest-Bearing Borrowings		(4,350,582,298)	(5,888,297,622)	(4,093,281,289)	(5,549,464,170)
Repayment of Finance Lease Obligations	27	(360,782)	(907,500)	(360,783)	(907,500)
Net Cash Flows Generated From/(Used In) Financing Activities		(466,413,172)	661,671,022	(281,312,664)	488,117,099
Net Increase/ (Decrease) in Cash and Cash Equivalents		114,740,039	(6,391,676)	130,969,266	34,831,993
Effect of Movement in Exchange Rates		74,901,549	15,235,539	-	-
Cash and Cash Equivalents at the Beginning of the Year		1,702,973	(7,140,890)	110,608,257	75,776,264
Cash and Cash Equivalents at the End of the Year		191,344,561	1,702,973	241,577,523	110,608,257
Analysis of Cash & Cash Equivalents					
Cash in Hand and at Bank	22	264,094,509	326,240,025	243,972,970	315,863,259
Bank Overdraft	22	(72,749,948)	(324,537,052)	(2,395,447)	(205,255,002)
		191,344,561	1,702,973	241,577,523	110,608,257

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 64 to 107 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 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 2023 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.

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 requirement 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 2023 were approved and authorised for issue by the Board of Directors on 29th August 2023.

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, buildings and motor vehicles 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 in the Group.

The Group's performance improved substantially during the financial year. This also validates the effectiveness of the strategies taken by the Group especially via streamlining of business processes and stringent control of costs.

The Directors have also assessed the prevailing macroeconomic conditions in the country and the impact on the operations of the Group companies when determining the basis of preparing the financial statements for the year ended 31st March 2023.

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 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.

- PPE Valuation & Useful life Assessment

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 Basis of consolidation

3.1.1 Business combinations and Goodwill

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.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Accounting Policies

3.1.2 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.

3.1.3 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.

3.1.4 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.

3.1.5 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.

3.1.6 Intra-group transactions

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

3.1.7 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.

3.2 Foreign currency

3.2.1 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.

3.2.2 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.

3.3 Property, Plant and Equipment

3.3.1 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, Motor Vehicles 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.

3.3.2 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.

3.3.3 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.

3.3.4 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	5-4
Plant and Machinery	10-20	10-5
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.

3.3.5 Revaluation policy

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

3.3.6 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 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.

Accounting Policies

3.4 Intangible Assets and Goodwill

3.4.1 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.

3.4.1.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1.1.

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.

3.4.1.2 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.

3.5 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

3.5.1 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.

3.5.1.1 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 14 to the Financial Statements.

3.5.1.2 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 included in Note 27 to the Financial Statements.

3.5.1.3 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.

3.6 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."

3.7 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 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

Finished goods and work-in-progress

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

3.8 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.

3.9 Financial instruments

3.9.1 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.

3.9.2 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

Accounting Policies

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.

3.9.3 Derecognition

3.9.3.1 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.

3.9.3.2 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.

3.9.4 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.

3.9.5 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.

Accounting Policies

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.

3.9.6 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.

3.9.7 Derivative Financial Instruments

The Group holds derivative financial instruments to mitigate 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.

3.10 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.

3.11 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 24.2 to the Financial Statements.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

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.

3.12 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.

3.13 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 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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".

3.17.1 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.

3.17.2 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.

3.18 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.

3.19 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'.

Accounting Policies

3.20 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.

3.21 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.

3.22 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 amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after 1st April 2022. Accordingly, the Group has not early adopted them in preparing these financial statements. The following amended standards are not expected to have a significant impact on the Group's financial statements.

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

The amendment aims to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1 January 2023.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those item.

Deferred tax related to assets and liabilities arising from a single transaction. (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Disclosure of Accounting Policies

(Amendment to LKAS 1 and IFRS Practice Statement 2)

Amendments to LKAS 1 - Presentation of Financial Statements; intends to help companies provide useful accounting policy disclosures. Key amendments to LKAS 1 includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Definition of Accounting Estimates

(Amendments to LKAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods. Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors will clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Notes to the Financial Statements

5 REVENUE

	Group		Company	
For the year ended 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Local Sales	6,195,755,648	8,031,683,406	6,113,732,568	7,589,263,967
Export Sales	873,604,354	226,151,874	873,604,354	226,151,874
	7,069,360,002	8,257,835,280	6,987,336,922	7,815,415,841

6 OTHER INCOME

	Group		Company	
For the year ended 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Written Back of Creditors No Longer Payable	7,784,057	-	-	-
Scrap Sales	6,795,048	17,189,530	6,795,048	16,318,460
Income on Solar Power Generation	22,711,610	23,055,959	22,711,610	23,055,959
	37,290,715	40,245,489	29,506,658	39,374,419

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	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Directors' Fees and Emoluments	28,100,000	28,200,000	28,100,000	28,200,000
Auditors' Remuneration - Audit	2,473,475	2,479,996	2,196,000	1,750,000
- Audit Related Services	275,000	819,400	275,000	750,000
Depreciation and Amortization	181,005,653	168,278,609	136,064,505	120,221,558
Provision / Reversal for Impairment of Inventories	(29,111,679)	26,404,378	(25,425,289)	20,520,369
Provision/Reversal for Impairment of Related Party Receivable- Non Trade	-	2,500,000	(110,768,096)	55,850,098
Provision for Impairment of Related Party Receivable - Trade	-	-	(45,213,147)	-
Loss on Recovery of Related Party Receivable	-	-	14,591,011	-
Provision for Impairment of Other Receivables	228,393,380	30,000,000	46,538,631	30,000,000
Provision/Reversal for Impairment of Trade Receivables	50,458,788	74,573,715	50,414,690	57,000,000
Bad debt Written Off	64,843,732	-	50,549,634	-
Donations	408,390	438,300	408,390	438,300
Loss on Disposal of Property, Plant and Equipment	10,531,917	-	2,836,555	-
Personnel Costs				
Salaries, Wages and Related Costs	241,381,686	261,350,384	234,877,418	242,471,716
Defined Contribution Plan Cost	27,233,048	29,946,483	26,465,456	28,985,343
Defined Benefit Plan Cost (Note 24)	18,573,070	12,074,953	18,111,376	11,599,523

Notes to the Financial Statements

8 NET FINANCE COSTS

For the year ended 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
8.1 Finance Income				
Interest Income	51,647,213	14,942,359	51,141,608	14,875,138
Dividend Income	721,552	308,625	9,234,292	308,625
	52,368,765	15,250,984	60,375,900	15,183,763
8.2 Finance Costs				
Interest on - Overdraft	48,511,980	16,944,581	30,570,159	9,482,477
- Lease	-	1,083,511	-	1,083,511
- Import Demand Loans	239,140,409	67,722,444	217,666,496	61,237,151
- Bank Loans	377,334,885	77,169,986	328,325,664	64,756,989
Exchange Loss	261,658,544	368,323,745	263,722,523	411,026,593
	926,645,818	531,244,267	840,284,842	547,586,721
Net Finance Costs	874,277,053	515,993,283	779,908,942	532,402,958

9 INCOME TAX EXPENSE

For the year ended 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Income Tax on Profit for the Year (Note 9.1)	264,932,283	144,938,213	264,932,283	124,630,322
(Over)/under provision in respect of previous year	31,316,948	-	51,204,522	-
Deferred Tax (Reversal) (Note 25.3)	(61,110,792)	(32,981,328)	(101,728,970)	(36,109,357)
	235,138,439	111,956,885	214,407,835	88,520,965
9.1 Reconciliation Between Accounting Profit/(Loss) and Tax Expense				
Profit/(Loss) Before Tax	938,490,766	583,637,870	1,167,446,603	462,630,749
Share of Loss/(Profit) of Equity-Accounted Investees	(87,231,621)	(20,690,955)	-	-
Consolidation Adjustment	262,279,089	(53,350,098)	-	-
	1,113,538,234	509,596,817	1,167,446,603	462,630,749
Non Business Income	(89,882,558)	(154,234)	(89,882,558)	(154,234)
Aggregate Disallowable Expenses	57,436,915	320,352,152	7,949,502	296,832,935
Aggregate Allowable expenses	(102,446,415)	(93,218,084)	(59,879,947)	(47,528,839)
Tax Exempted Income	(500,479)	(15,096,750)	-	(15,029,529)
Aggregate Tax Losses from Business	47,988,382	92,274,599	-	-
Taxable Profit from Business	1,026,134,079	813,754,501	1,025,633,600	696,751,083
Income from Other Sources	87,521,016	154,234	87,521,016	154,234
Total Statutory Income	1,113,655,095	813,908,734	1,113,154,616	696,905,317
Tax Loss Claimed (Note 9.2)	(500,479)	(4,181,803)	-	-
Taxable Income	1,113,154,616	809,726,931	1,113,154,616	696,905,317

	Group		Company	
For the year ended 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.

9.1 Reconciliation Between Accounting Profit/(Loss) and Tax Expense Contd.

Income Tax

Tax on Business Income @ 14%	11,802,103	2,844,222	11,802,103	2,844,222
Tax on Business Income @ 15%	3,074	-	3,074	-
Tax on Business Income @ 18%	80,766,172	142,093,991	80,766,172	121,786,100
Tax on Business Income @ 24%	6,715,179	-	6,715,179	-
Tax on Business Income @ 30%	165,645,755	-	165,645,755	-
	264,932,283	144,938,213	264,932,283	124,630,322

9.2 Accumulated Tax Losses

Balance as at 1st April	449,438,344	361,147,300	-	-
Tax Loss for the Year	-	92,274,599	-	-
Tax Loss Claimed	(500,479)	(4,181,803)	-	-
Exchange Difference	74,901,549	198,248	-	-
Balance as at 31st March	523,839,414	449,438,344	-	-

Sierra Cables PLC

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income taxation. Accordingly, income tax rates of, 18% for manufacturing business profits, 14% for export profits and 24% for other income have been used for the first six months and a standard rate of 30% has been used for profits of all segments for the second six months.

Sierra Industries (Private) Limited

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income taxation. Accordingly, income tax rates of, 18% for manufacturing business profits, 14% for export profits and 24% for other income have been used for the first six months and a standard rate of 30% has been used for profits of all segments for the second six months.

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 EARNING 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	
For the year ended 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profits Attributable to Ordinary Shareholders (Rs.)	707,411,449	465,548,034	953,038,768	374,109,784
Weighted Average Number of Ordinary Shares	537,512,430	537,512,430	537,512,430	537,512,430
Basic Earnings Per Share (Rs.)	1.32	0.87	1.77	0.70

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

Notes to the Financial Statements

11 DIVIDEND PER SHARE

	Group		Company	
For the year ended 31st March	2023	2022	2023	2022
Dividend for the Year (Rs.)	-	-	-	-
Number of Ordinary Shares	537,512,430	537,512,430	537,512,430	537,512,430
Dividend per Share (Rs.)	-	-	-	-

12 PROPERTY, PLANT AND EQUIPMENT

As at 31st March 2023	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total 2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company Cost / Valuation									
Balance as at 1st April	806,982,000	1,005,288,863	616,415,284	71,451,215	5,149,261	219,525,406	39,631,313	48,770,597	2,813,213,939
Additions	16,355,000	-	30,065,190	-	-	6,391,117	1,073,500	299,068,947	352,953,754
Transfers during the year	-	11,158,913	18,182,897	-	-	16,904,387	-	(46,246,197)	-
Disposals	-	-	-	(13,950,000)	-	-	-	-	(13,950,000)
Balance as at 31st March	823,337,000	1,016,447,776	664,663,371	57,501,215	5,149,261	242,820,910	40,704,813	301,593,347	3,152,217,693
Depreciation									
Balance as at 1st April	-	190,086,112	384,014,550	29,775,760	5,055,864	133,110,923	32,089,346	-	774,132,555
Charge for the Year	-	49,684,818	37,202,807	12,942,215	64,645	32,725,419	2,749,338	-	135,369,242
Disposal	-	-	-	(11,113,445)	-	-	-	-	(11,113,445)
Balance as at 31st March	-	239,770,930	421,217,357	31,604,530	5,120,509	165,836,342	34,838,684	-	898,388,352
Net Book Value									
Balance as at 31st March 2022	806,982,000	815,202,751	232,400,734	41,675,455	93,397	86,414,483	7,541,967	48,770,597	2,039,081,384
Balance as at 31st March 2023	823,337,000	776,676,846	243,446,014	25,896,685	28,752	76,984,568	5,866,129	301,593,347	2,253,829,341

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 34 to the Financial Statements.

Capital Work in progress includes Rs. 275,340,000/- PPE transferred from Sierra Cables East Africa Limited as further described in the Note Number 20.3

As at 31st March 2023	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total 2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

Group

Cost / Valuation

Balance as at 1st April	1,041,152,001	1,148,702,797	1,179,379,200	79,618,529	7,141,520	235,423,340	43,534,599	109,098,043	3,844,050,029
Additions	16,355,000	152,810	30,065,190	-	-	14,175,746	1,073,500	48,178,999	110,001,245
Transfers	-	96,764,248	18,182,897	-	-	16,904,387	-	(131,851,532)	-
Disposals	-	(8,984,265)	-	(15,467,475)	(1,494,693)	-	(817,465)	-	(26,763,898)
Balance as at 31st March	1,057,507,001	1,236,635,590	1,227,627,287	64,151,054	5,646,827	266,503,473	43,790,634	25,425,510	3,927,287,376

Depreciation

Balance as at 1st April	-	215,969,929	597,784,512	37,421,570	6,845,171	150,759,662	35,378,451	-	1,044,159,295
Charge for the Year	-	55,280,773	72,753,398	13,195,215	67,425	36,243,913	2,769,666	-	180,310,390
Disposals	-	(1,965,308)	-	(12,518,420)	(1,294,521)	-	(408,732)	-	(16,186,981)
Balance as at 31st March	-	269,285,394	670,537,910	38,098,365	5,618,075	187,003,575	37,739,385	-	1,208,282,704

Net Book Value

Balance as at 31st March 2022	1,041,152,001	932,732,868	581,594,688	42,196,959	296,349	84,663,678	8,156,148	109,098,043	2,799,890,734
Balance as at 31st March 2023	1,057,507,001	967,350,196	557,089,377	26,052,689	28,752	79,499,898	6,051,249	25,425,510	2,719,004,672

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 34 to the Financial Statements.

As at 31st March 2022	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.

Company

Cost / Valuation

Balance as at 1st April	551,915,000	678,339,752	594,567,322	26,229,554	5,149,261	218,912,906	36,957,974	14,978,931	2,127,050,700
Additions	-	-	21,847,962	245,950	-	612,500	2,673,339	33,791,666	59,171,417
Surplus on Revaluation during the Year	255,067,000	326,949,111	-	44,975,711	-	-	-	-	626,991,822
Balance as at 31st March	806,982,000	1,005,288,863	616,415,284	71,451,215	5,149,261	219,525,406	39,631,313	48,770,597	2,813,213,939

Depreciation

Balance as at 1st April	-	154,233,804	341,242,720	26,229,554	4,953,950	100,356,530	29,473,930	-	656,490,488
Charge for the Year	-	35,852,308	42,771,830	3,546,206	101,914	32,754,393	2,615,416	-	117,642,067
Balance as at 31st March	-	190,086,112	384,014,550	29,775,760	5,055,864	133,110,923	32,089,346	-	774,132,555

Net Book Value

Balance as at 31st March 2022	806,982,000	815,202,751	232,400,734	41,675,455	93,397	86,414,483	7,541,967	48,770,597	2,039,081,384
Balance as at 31st March 2021	551,915,000	524,105,948	253,324,602	-	195,311	118,556,376	7,484,044	14,978,931	1,470,560,214

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 34 to the Financial Statements.

Notes to the Financial Statements

12 PROPERTY, PLANT AND EQUIPMENT CONTD.

As at 31st March 2022	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group Cost / Valuation									
Balance as at 1st April	721,257,401	779,418,317	986,827,005	33,969,518	7,066,253	233,610,840	40,820,096	14,198,449	2,817,167,879
Additions	-	868,871	180,462,580	245,950	-	1,812,500	2,673,339	94,899,594	280,962,834
Surplus on Revaluation during the Year	319,894,600	367,963,197		45,335,711					733,193,509
Effect of Movements in Exchange Rates		452,412	12,089,615	67,350	75,267		41,164		12,725,809
Balance as at 31st March	1,041,152,001	1,148,702,797	1,179,379,200	79,618,529	7,141,520	235,423,340	43,534,599	109,098,043	3,844,050,031
Depreciation									
Balance as at 1st April	-	175,098,066	511,812,961	33,466,403	6,346,169	115,679,806	32,526,883	-	874,930,288
Charge for the Year		40,807,093	82,599,226	3,901,562	465,460	35,079,856	2,845,921	-	165,699,118
Effect of Movements in Exchange Rates		64,770	3,372,325	53,605	33,542		5,647	-	3,529,890
Balance as at 31st March	-	215,969,929	597,784,512	37,421,570	6,845,171	150,759,662	35,378,451	-	1,044,159,296
Net Book Value									
Balance as at 31st March 2022	1,041,152,001	932,732,868	581,594,688	42,196,959	296,349	84,663,678	8,156,148	109,098,043	2,799,890,735
Balance as at 31st March 2021	721,257,401	604,320,251	475,014,044	503,115	720,084	117,931,034	8,293,213	14,198,449	1,942,237,591

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 34 to the Financial Statements.

12.1 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 2023	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Machinery	149,257,104	4,385,693	149,257,104	4,385,693
Furniture and Fittings	4,998,224	4,898,562	4,971,545	4,663,864
Factory Equipment	95,511,691	65,098,947	84,524,306	54,886,562
Office & Computer Equipment	29,088,291	26,417,909	28,350,366	25,539,591
	278,855,310	100,801,111	267,103,321	89,475,710

12.2 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 below. Tax impact on revaluation of land is given in note 25 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 (Acres)	Carrying Value of Revalued Assets as at 31st March 2023 if carried at Historical Cost Rs.	Carrying Value of Revalued Assets as at 31st March 2023 Rs.
Land, buildings at Sierra Cables PLC Galwarusa Road, Korathota (within the limits of kaduwela Pradeshiya Sabha)	Market Approach	01st January 2022	LKR 600,000	LKR 250 - LKR 8,000	15	Mr. W.M. Chandrasena. Bsc.Est.Mgt & Val. Chartered Valuation Surveyor	8.4061	122,996,166	1,600,013,846
								122,996,166	1,600,013,846
Land, building at Sierra Industries (Pvt) Ltd Galwarusa Road, Korathota (within the limits of kaduwela Pradeshiya Sabha)	Market Approach	01st January 2022	LKR 500,000	LKR 3,500 - LKR 6,500	1	Mr. W.M. Chandrasena. Bsc.Est.Mgt & Val. Chartered Valuation Surveyor	2.749	158,212,273	308,091,406
								158,212,273	308,091,406
Land, building at Sierra Industries (Pvt) Ltd Kananvila Village, Horana (within the limits of Horana Pradeshiya Sabha)	Market Approach	01st January 2022	LKR 250,000	LKR 4,500	2	Mr. W.M. Chandrasena. Bsc.Est.Mgt & Val. Chartered Valuation Surveyor	0.35625	28,169,150	36,271,875
								28,169,150	36,271,875

Motor Vehicle	Method of Valuation	Effective date of valuation	No of Vehicles	Valuer	Carrying Value of Revalued Assets as at 31st March 2023 if carried at Historical Cost Rs.	Carrying Value of Revalued Assets as at 31st March 2023 Rs.
Motor Vehicle of Sierra Cables PLC	Market Approach	01st January 2022	7	Mr. Nishantha Jayakodi AMIAE (SL)	-	25,896,685
					-	25,896,685
Motor Vehicle of Sierra Industries (Pvt) Ltd	Market Approach	01st January 2022	2	Mr. Nishantha Jayakodi AMIAE (SL)	-	315,000
					-	315,000

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.

Notes to the Financial Statements

12 PROPERTY, PLANT AND EQUIPMENT CONTD.

12.3 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 2023 Rs.	As at 31st March 2022 Rs.
At Cost	309,377,589	243,370,774
At Valuation	1,970,429,816	2,008,538,487

	Carrying Value of Revalued Assets as at 31st March 2023 if carried at Historical Cost Rs.	Carrying Value of Revalued Assets as at 31st March 2023 Rs.

Sierra Cables PLC

Land	106,413,007	823,337,000
Building	16,583,159	776,676,846
Motor Vehicle	-	25,896,685
Total	122,996,166	1,625,910,531

Sierra Industries (Private)Limited

Land	57,317,298	234,170,000
Building	129,064,125	190,673,349
Motor Vehicle	-	156,004
Total	186,381,423	424,999,353

12.4 Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the construction of Building.

12.5 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.

12.6 On re-assessment 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.

13 INTANGIBLE ASSETS

	Group		Company	
As at 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cost				
Balance as at 1st April	23,275,443	23,275,443	23,275,443	23,275,443
Additions	47,738,492	-	-	-
Balance as at 31st March	71,013,935	23,275,443	23,275,443	23,275,443
Amortization Charge				
Balance as at 1st April	22,703,857	20,719,898	22,703,857	20,719,898
Charge for the year	571,586	1,983,959	571,586	1,983,959
Balance as at 31st March	23,275,443	22,703,857	23,275,443	22,703,857
Carrying Value as at 31st March	47,738,492	571,586	-	571,586

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. 23,275,441/-.(2021/22- 19,465,024/-)

14 RIGHT OF USE ASSETS

	Group		Company	
As at 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
14.1 Gross carrying amount				
At Cost				
As at beginning of the year	123,677	2,528,281	123,677	2,528,281
Addition /Discontinuation of Leases	-	(1,809,072)	-	(1,809,072)
Charge for the Year	(123,677)	(595,532)	(123,677)	(595,532)
As at the end of the year	-	123,677	-	123,677
Net Book Value				
Right-Of-Use Assets	-	123,677	-	123,677
14.2 Amounts recognised in profit or loss:				
Depreciation expense of Right-Of-Use assets	(123,677)	(595,532)	(123,677)	(595,532)
Lease Interest	-	(1,083,511)	-	(1,083,511)
	(123,677)	(1,679,043)	(123,677)	(1,679,043)

Notes to the Financial Statements

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 Rs.	2022 Rs.
Sierra Cables East Africa Limited (Note 15.1)	182,735,166	182,735,166
Sierra Industries(Private) Limited (Note 15.2)	265,216,310	265,216,310
	447,951,476	447,951,476
Provision for Impairment of Subsidiaries (Note 15.2.1)	(358,074,584)	(358,074,584)
	89,876,892	89,876,892
15.1 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
15.2 Sierra Industries(Private) Limited		
Balance as at 1st April	265,216,310	265,216,310
Balance as at 31st March	265,216,310	265,216,310

15.2.1 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 2023 due to adverse business environment in which the subsidiary companies are operated. This has resulted by continuous operating losses and negative operating cash flows in subsidiary companies and net asset attributable to the parent company has been considered as the recoverable amount for the calculation of provision for impairment as at the each reporting date. The breakup of the impairment provision is as follows;

	Company	
	2023 Rs.	2022 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

15.3 Investment Information of Subsidiaries

As at 31st March 2023	Sierra Industries (Private) Limited	Sierra Cables East Africa Limited
Number of shares	42,036,052	11,400
Holding	90.72%	95%
Cost of the Investment	265,216,310	182,735,166

15.4 Non-Controlling Interest (NCI) in Subsidiary

	Sierra Industries (Private) Limited		Sierra Cables East Africa Limited	
As at 31st March	2023	2022	2023	2022
NCI Percentage (%)	9.28%	9.28%	5%	5%
Total Assets	1,250,485,798	1,479,264,850	19,355,638	194,495,844
Total Liabilities	(990,434,576)	(1,126,030,385)	-	(307,389,278)
Net Assets	260,051,222	353,234,465	19,355,638	(112,893,434)
Carrying Amount of NCI	24,132,753	32,780,160	967,782	(5,644,672)
Profit/(Loss) for the period	(74,638,973)	115,804,747	57,347,523	(92,274,599)
Other Comprehensive Income	(18,544,267)	87,200,285	-	-
Total Other Comprehensive Income expenses for the period	(93,183,240)	203,005,032	57,347,523	(92,274,599)
Total Comprehensive Income /(Loss) allocated to NCI	(8,647,405)	18,838,866	6,612,454	(4,603,818)
Cash Flows from Operating Activities	245,874,574	(19,240,813)	45,281,753	56,468,944
Cash Flows from Investing Activities	(31,842,011)	(221,724,197)	-	-
Cash Flows from Financing Activities	(165,148,400)	206,580,400	(32,387,642)	(32,940,616)
Net Increase/ (Decrease) in Cash and Cash Equivalents	48,884,163	(34,384,610)	12,894,111	23,528,328

16 EQUITY - ACCOUNTED INVESTEEES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Investment in Joint Venture (Note 16.1)	31,328,748	11,214,224	28,310,163	28,310,163
Investment in Associates (Note 16.2)	100,657,040	42,052,683	3,300,000	3,300,000
	131,985,788	53,266,907	31,610,163	31,610,163

16.1 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.

	2023 Rs.	2022 Rs.	2023 Rs.	2022 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)	20,114,524	11,214,224	-	-
Accumulated Share of Profit/ (Loss)	(17,095,939)	(28,310,163)	-	-
Net Asset Value of Associate as at 31 March	31,328,748	11,214,224	28,310,163	28,310,163

Notes to the Financial Statements

16 EQUITY - ACCOUNTED INVESTEEES CONTD.

16.1.1 Summarised Financial information of Joint Venture

	Cables PTE Limited	
	2023	2022
Percentage Ownership Interest	30%	30%
Revenue	1,440,901,118	1,182,764,685
Net Profit	67,048,413	92,258,778
Company Profit Share	20,114,524	11,214,224
Non- Current Assets	1,048,511,900	975,466,597
Current Assets	1,069,386,687	746,478,544
Non- Current Liabilities	912,109,872	866,194,545
Current Liabilities	919,701,300	650,309,851
Elimination of the Share Advance	179,184,000	168,060,000
Net Assets (100%)	106,903,415	37,380,746
Group Share of Net Assets (30%)	32,071,025	11,214,224
Conversion Impact	(742,277)	-
Carrying Amount of Investment in Joint Venture	31,328,748	11,214,224

16.2 Associates

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Tea Leaf Resort Holdings (Private) Limited (Note 16.2.2)	-	-	2,500,000	2,500,000
T & G Lanka (Private) Limited (Note 16.2.2)	100,657,040	42,052,683	3,300,000	3,300,000
	100,657,040	42,052,683	5,800,000	5,800,000
Provision for Impairment of Investment in Associate (Note 16.2.1)	-	-	(2,500,000)	(2,500,000)
	100,657,040	42,052,683	3,300,000	3,300,000

16.2.1 Provision for Impairment of Investment in Associates

Tea Leaf Resort Holdings (Private) Limited	-	-	(2,500,000)	(2,500,000)
	-	-	(2,500,000)	(2,500,000)

16.2.2 Net Assets Value of Associates

	2023 Rs.	2022 Rs.
Tea Leaf Resort Holdings (Private) Limited		
Cost of the Investment	2,500,000	2,500,000
Share of Profit for the Year (Net of Tax)	-	-
Accumulated Share of Profit/ (Loss)	(2,500,000)	(2,500,000)
Net Asset Value of Associate as at 31 March	-	-
T & G Lanka (Private)Limited		
Cost of the Investment	3,300,000	3,300,000
Share of Profit for the Year (Net of Tax) (Note 16.2.3)	67,117,097	9,476,731
Accumulated Share of Profit/ (Loss)	38,752,683	29,275,952
Dividend Received	(8,512,740)	-
Net Asset Value of Associate as at 31 March	100,657,040	42,052,683

16.2.3 Summarized Financial Information of Associates

	Tea Leaf Resort Holdings (Private) Limited		T & G Lanka (Private) Limited	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Percentage Ownership Interest	49.9%	49.9%	22%	22%
Revenue	-	-	502,133,722	258,899,924
Profit/(Loss) for the Year	(51,239)	(61,204)	304,264,175	90,309,692
Non-Current Assets	-	-	155,505,135	59,798,710
Current Assets	2,261,735	2,320,277	592,808,032	180,604,139
Non-Current Liabilities	-	-	3,076,625	9,140,991
Current Liabilities	7,129,740	7,137,044	272,910,897	40,623,028
Net Assets (100%)	(4,868,005)	(4,816,767)	472,325,645	190,638,830
Group Share of Net Assets	-	-	104,189,481	42,052,683
Dividend Adjustment	-	-	(3,532,441)	-
Carrying Amount of Investment In Associates	-	-	100,657,040	42,052,683
Share of Profit for the Year (Net of Tax)	(25,568)	(30,541)	67,117,097	9,476,731

17 OTHER ASSETS - NON-CURRENT

	Group/ Company 2023		Group/ Company 2022	
	No of Ordinary Shares/Units	Fair Value Rs.	No of Ordinary Shares/Units	Fair Value Rs.
17.1 Equity Securities - At FVOCI				
National Development Bank PLC	25,608	1,149,799	24,061	1,340,198
Richard Pieris Exports PLC	10,359	5,775,143	10,359	6,308,631
ACL Cables PLC	3,040	250,192	3,040	173,280
DFCC Bank PLC	11,602	509,328	11,072	531,456
Chevron Lubricants PLC	3,678	336,905	3,678	320,354
Kelani Cables PLC	200	53,750	200	58,150
NDB Aviva Growth Fund Investment in Units	2,199,836	21,470,394	2,199,836	20,612,459
		29,545,511		29,344,528
Total Other Financial Assets		29,545,511		29,344,528

The Group designated the investments 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 purposes. No strategic investments were disposed during 2022/23, and there were no transfer of any cumulative gain or loss within equity relating to these investments.

Notes to the Financial Statements

18 INVENTORIES

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Raw Materials	943,506,594	628,214,317	794,864,090	516,790,484
Work in Progress	358,274,056	488,700,953	326,988,868	438,822,841
Finished Goods	948,743,565	925,314,468	797,306,191	833,214,667
Packing Materials	9,444,242	7,998,513	8,678,612	7,177,060
Engineering Items	42,650,758	23,815,077	42,511,645	23,815,077
	2,302,619,215	2,074,043,328	1,970,349,406	1,819,820,129
Less: Provision for obsolete Inventories (Note 18.1)	(12,799,640)	(41,911,319)	(8,225,525)	(33,650,814)
	2,289,819,575	2,032,132,009	1,962,123,881	1,786,169,315

18.1 Provision for Obsolete Inventories

Balance as at 1st April	41,911,319	15,506,941	33,650,814	13,130,445
Provision During the Year	(29,111,679)	26,404,378	(25,425,289)	20,520,369
Balance as at 31st March	12,799,640	41,911,319	8,225,525	33,650,814

Inventories pledged as security against the long term and short term borrowings have been disclosed in Note 34 to the Financial Statements.

19 TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables	1,700,051,083	2,367,301,962	1,526,940,989	1,950,285,482
Less: Provision for Impairment (Note 19.1)	(320,855,925)	(365,870,698)	(284,839,464)	(299,864,187)
	1,379,195,158	2,001,431,264	1,242,101,525	1,650,421,295
VAT Receivable	295,146,798	254,232,750	211,617,211	169,438,310
NBT Receivable	5,597,217	5,597,218	2,885,136	2,885,136
Deposits, Prepayments and Advances	375,714,671	335,760,566	375,714,671	335,760,566
Other Receivables	209,669,966	217,239,939	-	-
	886,128,652	812,830,473	590,217,018	508,084,012
Provision for Impairment (Note 19.2)	(300,633,783)	(72,240,403)	(118,779,034)	(72,240,403)
	585,494,869	740,590,070	471,437,984	435,843,609
Total Trade and Other Receivables	1,964,690,027	2,742,021,334	1,713,539,509	2,086,264,904

Trade receivables pledged as security against the long term and short term borrowings have been disclosed in Note 34 to the Financial Statements.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
19.1 Provision for Impairment of Trade Receivables				
Balance as at 1st April	365,870,698	291,296,983	299,864,187	242,864,187
Provision made during the year*	50,458,788	74,573,715	50,414,690	57,000,000
Provision written off	(95,473,561)	-	(65,439,413)	-
Balance as at 31st March	320,855,925	365,870,698	284,839,464	299,864,187

* Trade receivables with the contractual amount of Rs. 95.4 Mn. written off during 2023 are still subject to enforcement activity

19.2 Provision for Impairment of Other Receivables				
Balance as at 1st April	72,240,403	42,240,403	72,240,403	42,240,403
Provision made during the year**	228,393,380	30,000,000	46,538,631	30,000,000
Balance as at 31st March	300,633,783	72,240,403	118,779,034	72,240,403

** Above 228.Mn of the Group provision includes impairment made against the receivable of Sierra Cables East Africa Limited amounting to 181.8 Mn and provision for other receivable of Sierra Cables PLC amounting to 46.5 Mn .

20 AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non trading				
Sierra Industries (Private) Limited	-	-	576,033,538	506,100,231
Tea Leaf Holding (Private) Limited	2,500,000	2,500,000	2,500,000	2,500,000
Sierra Cables East Africa Limited	-	-	-	110,768,096
Cables PTE Limited	32,953,461	32,891,960	32,953,461	32,891,960
Iconic Trust (Private) Limited	58,742,072	-	58,742,072	-
Provision for Non Trading Receivables (Note 20.1)	(6,430,180)	(6,430,180)	(12,443,356)	(123,211,452)
Total	87,765,353	28,961,780	657,785,715	529,048,835
Trading				
Sierra Electrical Engineering (Private) Limited	-	616,785	-	616,785
Sierra Global Network (Private) Limited	720,804	1,750,828	720,804	1,750,828
Sierra Technology Holdings (Private) Limited	-	7,542,499	-	7,542,499
Sierra Construction Limited	10,502,777	50,096,037	10,502,777	50,096,037
Sierra Development (Private) Limited	615,221	615,221	615,221	615,221
Sierra Cables East Africa Limited	-	-	-	172,398,786
Sierra Industries (Private) Limited	-	-	168,206	168,206
Brown & Company PLC	1,223,412	-	1,223,412	-
Browns Engineering and Construction (Private) Limited	8,550,986	-	8,550,986	-
	21,613,200	60,621,370	21,781,406	233,188,362
Provision for related party trade receivable (Note 20.2)	(2,518,606)	(2,518,606)	(2,518,606)	(47,731,753)
Total	106,859,947	87,064,544	677,048,515	714,505,444

Notes to the Financial Statements

20 AMOUNTS DUE FROM RELATED COMPANIES CONTD.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20.1 Provision for Non Trading Receivables				
Balance as at 1st April	6,430,180	3,930,180	123,211,452	67,361,354
Provision / (reversal) during the year	-	2,500,000	(110,768,096)	55,850,098
Balance as at 31st March	6,430,180	6,430,180	12,443,356	123,211,452
20.2 Provision for related party trade receivable				
Balance as at 1st April	2,518,606	2,518,606	47,731,753	47,731,753
Provision / (reversal) during the year	-	-	(45,213,147)	-
Balance as at 31st March	2,518,606	2,518,606	2,518,606	47,731,753

20.3 Net related party receivable from Sierra Cables East Africa Limited (Trading & Non Trading) amounting to Rs. 289,931,011/- (Gross Receivable Rs. 445,912,254/- less Provision Rs.155,981,243/-) were set off against the Machine value which were brought back to Sri Lanka.

21 SHORT TERM INVESTMENT

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Short Term Investments	137,725,637	-	137,725,637	-
	137,725,637	-	137,725,637	-

*Short Term Investments include investment in Commercial Papers.

22 CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Favourable Balances				
Cash in Hand	4,268,203	7,301,881	3,968,749	6,893,348
Cash in Bank	259,826,306	318,938,144	240,004,221	308,969,911
Cash and Cash Equivalents in the Statement of Financial Position	264,094,509	326,240,025	243,972,970	315,863,259
Unfavorable Balances				
Bank Overdrafts Repayable on Demand and Used for Cash Management Purpose	(72,749,948)	(324,537,052)	(2,395,447)	(205,255,002)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	191,344,561	1,702,973	241,577,523	110,608,257

23 CAPITAL AND RESERVES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
23.1 Share Capital				
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.

23.2 Revaluation Reserve

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

23.3 Fair Value Reserves

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

23.4 Foreign Currency Transaction Reserve

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

24 RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1st April	80,106,867	64,392,757	78,547,281	63,168,477
Current Service Cost	6,558,689	7,156,120	6,329,285	6,865,693
Past Service Cost	-	(1,001,518)	-	(1,001,518)
Interest Cost	12,014,382	5,920,351	11,782,091	5,735,348
Actuarial (Gain) / Loss	(15,098,067)	5,058,407	(14,568,778)	5,198,531
Benefits Paid by the Plan	(2,687,875)	(1,419,250)	(2,687,875)	(1,419,250)
Balance as at 31st March	80,893,996	80,106,867	79,402,004	78,547,281

24.1 The total amount charged to Statement of Comprehensive Income in respect of Retirement Benefit Obligations made up as follows;

Current Service Cost	6,558,688	7,156,120	6,329,285	6,865,693
Interest Cost	12,014,382	5,920,351	11,782,091	5,735,348
Past Service Cost	-	(1,001,518)	-	(1,001,518)
Recognized in Income Statement	18,573,070	12,074,953	18,111,376	11,599,523

Actuarial (Gains) / Losses arising from;

Financial Assumptions	(3,550,076)	-	(3,020,787)	-
Demographic Assumptions	607,230	-	607,230	-
Experience Adjustment	(12,155,221)	-	(12,155,221)	-
Expense recognised in Other Comprehensive Income	(15,098,067)	5,058,407	(14,568,778)	5,198,531

24.2 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 2023, by Messers M. Poopalanathan, a firm of Professional Actuaries. The valuation was carried out as per the "Projected Unit Credit" (PUC) method.

The following key assumptions were made in arriving at the above figure.	Group/ Company	
	2023	2022
Expected Annual Average Salary Increment	11.5%	12.5%
Discount Rate	15.0%	15.0%
Retirement Age	60 Years	60 Years

Mortality A 1967/70 Mortality Table issued by the Institute of Actuaries, London
Staff Turnover Rate 19% for age up to 54 and thereafter zero.
Weighted Average Duration of Defined Benefit Obligation (Years) 3.5

Notes to the Financial Statements

24 RETIREMENT BENEFIT OBLIGATIONS CONTD.

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 15%. A rate of discount of 15% 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."

24.3 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.

For the year ended 31st March	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	(2,497,401)	2,694,076	(2,365,062)	2,547,273
Effect on the Salary Escalation Rate	3,140,423	(2,958,609)	2,990,181	(2,821,164)

25 DEFERRED TAX LIABILITY

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1st April	293,977,241	204,657,526	235,253,051	168,202,891
(Reversal)/Provision (Note 25.3)	218,625,105	89,319,715	158,933,371	67,050,160
Balance as at 31st March	512,602,346	293,977,241	394,186,422	235,253,051

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

	2023	2022
Sierra Cables PLC	30%	17.88%
Sierra Industries (Private) Limited	30%	18%
Sierra Cables East Africa Limited	30%	30%

25.1 The Deferred Tax Liability is attributable to the followings

As at 31st March	2023		2022	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
Company				
On Property, Plant and Equipment	(17,148,756)	(5,144,627)	365,190,131	65,311,529
On Retirement Benefit Obligations	(79,402,004)	(23,820,602)	(78,547,281)	(14,047,594)
On Revaluation of Land & Building	1,649,562,581	494,868,774	1,334,006,287	238,577,065
On Other Provisions - Inventory	(8,225,525)	(2,467,658)	(33,650,814)	(6,018,197)
- Debtor	(230,831,550)	(69,249,465)	(271,578,303)	(48,569,752)
	1,313,954,746	394,186,422	1,315,420,020	235,253,051
Group				
On Property, Plant and Equipment	213,081,374	63,924,412	470,813,273	84,323,693
On Retirement Benefit Obligations	(80,893,996)	(24,268,201)	(80,106,867)	(14,328,320)
On Revaluation of Land & Building	1,856,134,766	556,840,430	1,572,933,472	281,583,959
On Other Provisions - Inventory	(14,997,260)	(3,839,893)	(36,027,310)	(6,445,966)
- Debtor	(264,650,388)	(80,054,402)	(285,947,039)	(51,156,125)
	1,708,674,496	512,602,346	1,641,665,529	293,977,241

25.2 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Tax Losses	523,839,414	449,438,344	-	-
Inventory Provision	-	5,884,009	-	-

25.3 Deferred Tax Liabilities – (Reversal)/Provision

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Origination/(Reversal) of Temporary Differences Recognized in the Statement of Profit or Loss				
Origination/(Reversal) of Temporary Differences	(61,110,792)	(32,981,328)	(101,728,970)	(36,109,357)
	(61,110,792)	(32,981,328)	(101,728,970)	(36,109,357)
Recognized in the Statement of Other comprehensive Income				
Origination/(Reversal) of Temporary Differences	279,735,897	122,301,043	260,662,341	103,159,517
	279,735,897	122,301,043	260,662,341	103,159,517
	218,625,105	89,319,715	158,933,371	67,050,160

The Group deferred tax recognised for the year ended 31st March 2023 includes tax reversal from change in tax rate which amounts to Rs. 16.5 Mn (2022 - Nil) recognised in profit or loss and tax charge Rs. 226.6 Mn (2022 - Nil) recognised in other comprehensive income.

The Company deferred tax recognised for the year ended 31st March 2023 includes tax reversal from change in tax rate which amounts to Rs. 42.4 Mn (2022 - Nil) recognised in profit or loss and tax charge Rs. 201.6 Mn (2022 - Nil) recognised in other comprehensive income.

Notes to the Financial Statements

26 LONG TERM LOANS

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1st April	434,635,386	216,707,020	230,223,273	68,421,048
Loans Obtained	999,993,567	323,000,000	999,993,567	200,000,000
Repayments	(132,670,133)	(120,610,391)	(80,622,024)	(38,197,775)
Effect of Movement in Exchange Rates	-	15,538,757	-	-
Balance as at 31st March	1,301,958,820	434,635,386	1,149,594,816	230,223,273
Term Loans due within One year	922,323,595	132,670,133	864,615,591	80,622,024
Term Loans due after One year	379,635,225	301,965,253	284,979,225	149,601,249
	1,301,958,820	434,635,386	1,149,594,816	230,223,273

27 LEASE LIABILITIES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at beginning of the year	360,782	1,993,845	360,782	1,993,845
Additions/ Discontinuation	-	(1,809,074)	-	(1,809,074)
Interest Charge for the Year	-	1,083,511	-	1,083,511
Lease Rental Payments for the Year	(360,782)	(907,500)	(360,782)	(907,500)
Balance as at 31st March,	-	360,782	-	360,782

27.1 Maturity analysis of undiscounted contractual lease payments are as follows;

Less than one year	-	360,782	-	360,782
	-	360,782	-	360,782

27.2 Amounts recognised in profit or loss:

Interest expense on lease liabilities	-	1,083,511	-	1,083,511
Expense relating to leases of Low-Value Assets (included in Other Operating Expenses)	-	1,563,600	-	1,563,600
Depreciation expense of Right-Of-Use Assets	(123,677)	(595,532)	(123,677)	(595,532)
	(123,677)	2,051,579	(123,677)	2,051,579

27.3 Amounts recognised in statement of cash flows on SLFRS 16 - Leases

Lease repayment	360,782	907,500	360,782	907,500
	360,782	907,500	360,782	907,500

28 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Creditors	163,225,993	1,248,532,128	92,396,321	1,168,924,410
Other Payables	364,795,040	123,716,609	364,018,392	95,950,451
	528,021,033	1,372,248,737	456,414,713	1,264,874,861

29 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trading				
Sierra Industries (Private) Limited	-	-	30,666	30,666
Iconic Trust (Private) Limited	2,944,975	-	2,944,975	-
Mayleen Kenya Limited	-	1,243,932	-	-
Term Loan				
Browns Investments PLC	277,920,632	-	277,920,632	-
	280,865,607	1,243,932	280,896,273	30,666

* Interest rate of 30% per Annum will be applied for Term Loan from Browns Investments PLC

30 IMPORT DEMAND LOAN

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 1st April	1,682,392,479	1,222,117,705	1,549,340,079	1,222,117,705
Loans Obtained	2,884,536,341	6,227,876,143	2,812,335,841	5,838,488,769
Repayments	(4,217,912,165)	(5,767,601,369)	(4,012,659,265)	(5,511,266,395)
Balance as at 31st March	349,016,655	1,682,392,479	349,016,655	1,549,340,079

31 CONTINGENT LIABILITIES

The following contingent liabilities exist as at the reporting date on account of the guarantees given by the Company as at 31st March 2023.

GUARANTEES PROVIDED ON BEHALF OF THE SUBSIDIARY

- 31.1** 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 Letter of Credit, Overdraft and Import Demand Loan facility.
- 31.2** Sierra Industries (Private) Limited Rs. 300,000,000
This corporate guarantee has been provided to Sampath Bank PLC on behalf of the subsidiary company for Term Loan, Short Term Loan, Letter of Credit, Overdraft and Import Demand Loan facility.
- 31.3** Sierra Industries (Private) Limited RS.46,000,000
This corporate guarantee has been provided to Commercial Bank Ceylon PLC on behalf of the subsidiary company for Performance Guarantee facility.
- 31.4** Sierra Industries (Private) Limited Rs.41,048,885
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.
- 31.5** Sierra Industries (Private) Limited Rs.181,546,671
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.

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

Notes to the Financial Statements

32 COMMITMENTS

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

There is no any material issues pertaining to employees and industrial relations of the entity for the financial year ended 31st March 2023.

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date, which would require adjustments to or disclosure in the financial statements.

34 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 26, and 30 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 Pledges
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Commercial Bank of Ceylon PLC

(1) Overdraft Facility	Rs.40 Mn	AWPLR+2.25% p.a	Nil	01)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
(2) Import Loan Facility	Rs.1.5 Bn	AWPLR+2.25% p.a	Rs.349,016,603	02)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	Nil	Overdraft Agreement
(2) Hypothecation Loan	Rs.750 Mn	AWPLR+2% p.a	Nil	Hypothecation over stocks intrade,raw material and working progress
(3) Term Loan Facility-One off	Rs.200 Mn	5.5% P.a	Rs.96,969,681	Letter of Indemnity of the company

Cargills Bank Limited

(1)Overdraft Facility (Sub Limit of Facility No 02)	Rs.25 Mn	AWPLR+1.5% p.a	Nil	N/A
(2)Import Loan Facility	Rs.200 Mn	AWPLR+1.5% p.a	Nil	N/A
(3)Short Term Loan Facility (Sub Limit of Facility No 02)	Rs.100 Mn	AWPLR+2.5% p.a	Nil	

DFCC Bank

(1)Overdraft Facility	Rs.50 Mn	AWPLR+1.75% p.a	Nil	A Primary mortgage Bond for Rs.120 Mn and further Mortgage Bond for Rs.180 Mn executed over Book Debts and Stocks
(2)Import Loan Facility	Rs.450 Mn	AWPLR+1.5% p.a	Nil	02)A primary mortgage for Rs.50 Mn over land depicted in plan no 4457
(3)Revolving Short Term Loan (Sub Limit of Facility No 02)	Rs.250 Mn	Quoted at time of granting	Nil	03) Promissory Note for Rs.100 Mn and Rs.150 Mn
(4)Term Loan Facility	Rs.80Mn	AWPLR+1.75% p.a	Rs.52,631,570	A primary mortgage over movable assets (Solar PV system and Inverter)

HNB

(1)Overdraft Facility	Rs.50 Mn	AWPLR+1.75%	Nil	Demand promissory note for Rs.400 Mn
(2)Import Loan Facility	Rs.350 Mn	AWPLR+1.25%	Nil	Mortgage bond for Rs.400 Mn over Book Debts and Stocks

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount Outstanding as at the end of the year	Securities Pledges
Standard Chartered Bank					
	(1) Import Loan Facility	Rs.300 Mn	AWPLR+1%	Nil	Further mortgage for Rs.300 Mn over Book Debts and Stocks
Sampath Bank PLC					
	(1) Overdraft Facility	Rs.50 Mn	AWPLR+1.5% p.a	Nil	Overdraft agreement for Rs.50 Mn
	(2) Import Loan Facility	Rs.300 Mn	AWPLR+1.5% p.a	Nil	Short Term Import Loan agreement for Rs.300 Mn
	(3) Short Term Loan Facility (Sub Limit of Facility No 02)	Rs.200 Mn	AWPLR+1.5% p.a	Nil	Short Term Loan agreement for Rs.200 Mn Hypothecation Bond for Rs.350 Mn over Book Debts and Stocks
Agora Securities Pvt Ltd -Arranger					
HNB-Trustee	Asset Receivable Backed Facility	Rs.332,543,293	Based on Face Value	Rs.332,543,293	Mortgage bond for Rs.591,000,000/- over selected Book Debts
		Rs.667,450,274	Based on Face Value	Rs.667,450,274	Mortgage bond for Rs.1,194,077,950/86 over selected Book Debts
Sierra Industries Pvt Ltd					
Sampath Bank PLC					
	(1) Overdraft Facility	Rs.60 Mn	AWPLR+2% P.a	Rs.47,345,576	Overdraft agreement for Rs.60 Mn
	(2) Import Loan Facility	Rs.150 Mn	AWPLR+2% P.a	Nil	Short Term Import loan agreement for Rs.150 Mn
	(3) Term Loan Facility	Rs.92 MN	AWPLR+1.75% P.a	Rs.26,864,000	Primary Mortgage bond for Rs.85 Mn and
	(4) Term Loan Facility	Rs.85Mn	AWPLR+1.75% P.a	Rs.43,000,000	Additional mortgage bond for Rs.83.6 Mn over property situated at Korathota,Kaduvela
	(5) Term Loan Facility	Rs.90 MN	AWPLR+1.75% P.a	Rs.82,500,000	Loan agreement for Rs.90 Mn
	(6) Short Term Loan Facility (Sub Limit of Facility No 02)	Rs.50 Mn	AWPLR+2% P.a	Nil	Short term loan agreement for Rs.50 Mn Hypothecation bond for Rs.160 Mn an additional bond for Rs.50 Mn over stock and book debts. Corporate guarantee of Sierra Cables PLC for Rs.300 Mn
Commercial Bank of Ceylon PLC					
	(1) Overdraft Facility	Rs.25 Mn	AWPLR+2.25% P.a	Rs.22,571,905	Corporate guarantee of Sierra Cables PLC for Rs.250 Mn
	(2) Import Loan Facility	Rs.200 Mn	AWPLR+2.25% P.a	Nil	

35 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', except for the transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

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 2023 audited financial statement, which required additional disclosures in the 2022/23 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 Commission Act.

Notes to the Financial Statements

35 RELATED PARTY DISCLOSURE CONTD.

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 2023 audited financial statements, which required additional disclosures in the 2022/23 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.

35.1 Transactions with Related Parties

(i) Companies within the Group engage in trading transactions under normal commercial terms and conditions

		Transaction Value		Balance Outstanding as at 31st March	
Name of the Company	Nature of the Transactions	2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Transactions with Subsidiary Companies					
Sierra Industries (Private) Limited	Amount Paid for Administration Expenses	6,478,608	73,139,078	576,033,538	506,100,231
	Funds Received from Sierra Industries Customers	-	(4,513,751)	-	-
	Payment for capital Expenses	(4,422,700)	-	-	-
	Funds Transfers /settlements	63,495,600	160,500,000	-	-
	Payments for Custom Duty	-	52,291,621	-	-
	Amount Paid for Imports of Sierra Industries	4,381,799	73,250,849	-	-
	Amount Paid for Imports by Sierra Industries	-	(33,672,231)	-	-
	Material Issued to Sierra Industries	-	3,569,428	-	-
	Transfer from Loan Payable Account	-	34,616,300	-	-
	Transfer to Current Account	-	(34,616,300)	-	-
	Purchase of Goods	-	-	(30,666)	(30,666)
	Settlement of Invoices	-	473,928	-	-
	Sale of Goods	-	168,206	168,206	168,206
	Settlement of Invoices	-	-	-	-
	Sierra Cables East Africa Limited	Fund transfers	141,180,052	53,350,098	-
Amount Paid for Operation Expenses		3,835,475	-	-	-
Transfer to Disposal Account		(255,783,623)	-	-	-
Exchange Difference		17,729,845	55,905,641	-	172,398,786
Transfer to Disposal Account		(190,128,631)	-	-	-
Transfer of Machinery (Net Book Value)		132,211,499	-	-	-

		Transaction Value		Balance Outstanding as at 31st March	
Name of the Company	Nature of the Transactions	2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Transactions with Associate Companies					
Cables PTE Limited	Funds Transfers /settlements	61,500	6,000	32,953,461	32,891,960
Tea Leaf Holding (Private) Limited		-	-	2,500,000	2,500,000
Transactions with Other Related Companies					
Iconic Trust (Private) Limited	Transfer from Sierra Group	58,742,072	-	58,742,072	-
	Professional Fee and Charges	(2,944,975)	-	(2,944,975)	-
Brown & Company PLC	Sale of Goods	15,522,283	22,063,528	1,223,412	-
	Settlement of Invoice	(17,250,962)	(23,196,248)	-	-
Browns Engineering and Construction (Private) Limited	Sale of Goods	21,203,690	33,293,869	8,550,986	-
	Settlement of Invoice	(14,400,822)	(25,593,005)		
Browns Investments PLC	Short Term Loan	(277,920,632)	-	(277,920,632)	-
	Investment in Commercial Paper	137,725,637	-	137,725,637	-
Sierra Construction Limited	Sale of Goods	21,473,647	17,419,272	10,502,777	50,096,037
	Settlement of Invoices	(11,278,753)	(23,941,742)		
	Transfererd to Iconic Trust (Private) Limited	(49,788,154)			
Sierra Electrical Engineering (Private) Limited	Transfererd to Iconic Trust (Private) Limited	(616,785)	-	-	616,785
Sierra Global Networks (Private) Limited	Sale of Goods	8,947,406	20,661,571	-	-
	Settlement of Invoices	(9,977,430)	(20,633,606)	720,804	1,750,828
Sierra Technology Holdings (Private) Limited	Sale of Goods	-	1,460,381	-	7,542,499
	Settlement of Invoices	-	(1,460,381)	-	-
	Transfererd to Iconic Trust (Private) Limited	(7,542,499)	-	-	-
(Previously Known as Sierra Information Technologies (Private) Limited)					
Sierra Ready-mix (Private) Limited	Sale of Goods	-	39,415	-	-
	Settlement of Invoice	-	(39,415)		
Sierra Development (Private) Limited	Sale of Goods	-	-	615,221	615,221
	Settlement of Invoice	-	-		
Sintech Engineering (Private) Limited	Sale of Goods	-	4,108,365	-	-
	Settlement of Invoice	-	(4,108,365)		
Sierra System Engineering (Private) Limited	Sale of Goods	-	91,200	-	-
	Settlement of Invoice	-	(91,200)		-
Mayleen Kenya Limited	Funds Received	-	-	-	
	Settlement	1,243,932	-	-	(1,243,932)
	Exchange Difference	-	(38,465)	-	

Notes to the Financial Statements

35 RELATED PARTY DISCLOSURE CONTD.

35.2 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 Company, Group.

35.2.1 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Directors' Fees	9,500,000	9,600,000	9,500,000	9,600,000
Short Term Employee Benefits	18,600,000	18,600,000	18,600,000	18,600,000
	28,100,000	28,200,000	28,100,000	28,200,000

(iii) Other Transactions With Key Management Personnel

The names of Directors of Sierra Cables PLC and their share holdings are given on page 50. There were no other transactions with key management personnel other than those disclosed in Note 35 to the Financial Statement.

36 GOING CONCERN

36.1 Sierra Industries (Private) Limited

The Company has recorded loss amounting to Rs.74,638,973/- (2021/22 Profit - Rs. 115,804,748/-) during the year 31st March 2023 and its current liabilities exceeded its current assets as at 31st March 2023 by Rs.193,431,310/- (2021/22- Rs. 55,087,747/-). Therefore, the management has taken the following mitigating actions to ensure that the company will be able to continue as a going concern.

During the later part of the financial year , the company partnered with Brown and Co PLC to distribute its products in the retail market. The Brown and co PLC has over 500 well established distribution centres island wide and its forecasted that over 300 Mn of revenue can be generated in the next financial year (2023/24) through this new sales channel.

Further, the company has received some sales inquiries in relation to the planned developments in the colombo port city and the management expects that some of these inquiries will be materialized in the upcoming financial year.

Accordingly, the Directors of the view that the company would be able to generate sufficient revenues during the next financial year, where by 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.

36.2 Sierra East Africa (Private) Limited

The Company recorded a Profit of Rs. 57,347,523/- during the year ended 31st December 2022 (2021 – Loss of Rs. 92,274,599/-) and as that date, the Current Assets exceeded Current Liabilities by Rs. 19,355,638/- (2021 Current Liabilities exceeded Current Assets by Rs – Rs. 252,732,795/-).

As decided by board of directors, during the year the plant and machinery of Sierra Cables East Africa (SCEA) were brought back to Sri lanka and all the payables to the holding company were settled with the value of the machinery.

The financial statements have been prepared on the liquidation basis.

37 FINANCIAL RISK MANAGEMENT

37.1 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables	1,700,051,083	2,367,301,962	1,526,940,989	1,950,285,482
Amounts due from Related Companies	115,808,733	96,013,330	692,010,477	885,448,649
Short Term Investment	137,725,637	-	137,725,637	-
Balances with Banks	259,826,306	318,938,144	240,004,221	308,969,911
	2,213,411,759	2,782,253,436	2,596,681,324	3,144,704,042

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

37 FINANCIAL RISK MANAGEMENT CONTD.

The aging of trade receivables at the reporting date was as follows:

	Group		Company	
	Amount Outstanding	Provision	Amount Outstanding	Provision
As at 31st March 2023	Rs.	Rs.	Rs.	Rs.
Past due 0-60 days	1,046,826,650	35,556,854	1,037,329,443	33,574,878
Past due 61-90 days	39,122,765	4,874,009	37,756,546	4,589,810
Past due 90-120 days	50,759,346	8,257,284	50,712,496	8,247,538
Past due 121-150 days	85,033,356	27,054,621	84,181,690	26,877,457
Past due 151-180 days	85,929,422	6,372,263	85,077,964	6,195,146
Past due 181-210 days	10,936,781	3,279,571	10,936,781	3,279,571
Past due 211-240 days	9,618,877	4,700,305	9,618,877	4,700,305
Past due 241-270 days	12,450,564	6,756,792	8,233,587	5,879,583
Past due 271-300 days	9,865,389	6,919,326	9,865,389	6,919,326
Past due 301-330 days	17,923,583	4,927,080	11,948,970	3,684,251
Past due 331-360 days	950,176	562,529	950,176	562,529
Past due Over 360 days	330,634,174	211,595,293	180,329,070	180,329,070
Total	1,700,051,083	320,855,925	1,526,940,989	284,839,464

	Group		Company	
	Amount Outstanding	Provision	Amount Outstanding	Provision
As at 31st March 2022	Rs.	Rs.	Rs.	Rs.
Past due 0-60 days	933,894,556	7,286,769	863,761,197	3,134,581
Past due 61-90 days	270,264,505	4,605,686	248,020,556	3,135,527
Past due 90-120 days	212,674,012	8,392,260	223,141,028	3,618,111
Past due 121-150 days	106,456,614	8,394,825	152,384,283	1,008,553
Past due 151-180 days	144,596,751	8,862,221	113,226,566	3,268,509
Past due 181-210 days	105,417,494	9,392,387	24,947,634	1,891,318
Past due 211-240 days	77,558,586	8,580,334	26,320,640	1,893,940
Past due 241-270 days	42,540,626	5,735,496	6,753,083	1,065,332
Past due 271-300 days	64,315,259	9,129,545	4,363,520	1,306,028
Past due 301-330 days	5,512,591	1,646,700	7,081,532	1,851,444
Past due 331-360 days	62,856,337	9,037,160	3,943,862	1,349,262
Past due Over 360 days	341,214,631	284,807,315	276,341,581	276,341,582
Total	2,367,301,962	365,870,698	1,950,285,482	299,864,187

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,

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Local Debtors	1,477,197,525	2,185,722,079	1,307,785,538	1,766,616,691
Foreign Debtors	222,853,558	181,579,883	219,155,451	183,668,791
	1,700,051,083	2,367,301,962	1,526,940,989	1,950,285,482
Provision for Impairment	(320,855,925)	(365,870,698)	(284,839,464)	(299,864,187)
	1,379,195,158	2,001,431,264	1,242,101,525	1,650,421,295

The Group has a number of bank deposits, these deposits have been placed in several banks (A+ or Above) 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 exposure and credit rating of banks are regularly monitored and 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.

As at 31st March 2023	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Group		Rs.	Rs.	Rs.	Rs.	Rs.

Non- Derivative Financial Liabilities

Trade and Other Payables	528,021,033	528,021,033	-	-	-	528,021,033
Amounts due to Related Companies	280,865,607	2,944,975	277,920,632	-	-	280,865,607
Borrowings	1,650,975,475	1,271,340,250	379,635,225	-	-	1,650,975,475
Bank Overdraft	72,749,948	72,749,948	-	-	-	72,749,948

As at 31st March 2022	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Group		Rs.	Rs.	Rs.	Rs.	Rs.

Non- Derivative Financial Liabilities

Trade and Other Payables	1,372,248,737	1,372,248,737	-	-	-	1,372,248,737
Amounts due to Related Companies	1,243,932	1,243,932	-	-	-	1,243,932
Borrowings	2,117,027,865	1,815,062,616	301,965,249	-	-	2,117,027,865
Lease Liabilities	360,782	360,782	-	-	-	360,782
Bank Overdraft	324,537,052	324,537,052	-	-	-	324,537,052

As at 31st March 2023	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Company		Rs.	Rs.	Rs.	Rs.	Rs.

Non- Derivative Financial Liabilities

Trade and Other Payables	456,414,713	456,414,713	-	-	-	456,414,713
Amounts due to Related Companies	280,896,273	2,975,641	277,920,632	-	-	280,896,273
Borrowings	1,498,611,471	1,213,632,246	284,979,225	-	-	1,498,611,471
Bank Overdraft	2,395,447	2,395,447	-	-	-	2,395,447

As at 31st March 2022	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Company		Rs.	Rs.	Rs.	Rs.	Rs.

Non- Derivative Financial Liabilities

Trade and Other Payables	1,264,874,861	1,264,874,861	-	-	-	1,264,874,861
Amounts due to Related Companies	30,666	30,666	-	-	-	30,666
Borrowings	1,779,563,352	1,629,962,103	149,601,249	-	-	1,779,563,352
Lease Liabilities	360,782	360,782	-	-	-	360,782
Bank Overdraft	205,255,002	205,255,002	-	-	-	205,255,002

Notes to the Financial Statements

37 FINANCIAL RISK MANAGEMENT CONTD.

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:

As at 31st March	Group		Company	
	2023 USD	2022 USD	2023 USD	2022 USD
Trade Receivables	622,062	884,806	611,739	894,985
Trade Payables	(130,857)	(5,820,934)	(5,370)	(5,589,659)
Net Statement of Financial Position Exposure	491,204	(4,936,128)	606,369	(4,694,674)

As at 31st March	2023 USD	2022 USD
Trade Payables - Foreign Creditors	130,857	5,820,934
Gross Statement of Financial Position Exposure	130,857	5,820,934

The following significant exchange rates were applicable during the year

Average Rate	Reporting Date Spot Rate			
As at 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
USD	358.25	205.22	292.00	292.00

Sensitivity Analysis

A strengthening of the Rs, as indicated below, against the USD at 31st March 2023 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 Profit or Loss	Weakening Profit or Loss
	Rs.	Rs.

31st March 2023

USD (15% Movement)	5,731,550	(5,731,550)
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31st March 2022

USD (15% Movement)	254,956,920	(254,956,920)
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The sharp devaluation of the Sri Lanka Rupee against USD has direct as well as indirect impacts on companies operating in Sri Lanka. Currently, the impact on the Company from forex movements mainly arise from the revaluation of the Group's USD denominated borrowings and supplier liabilities as required by IFRS and do not entail an actual cash transaction loss.

(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 Group's 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	
	2023 Rs.	2022 Rs.
Variable Rate Instruments		
Financial Liabilities		
Long Term Loans	1,301,958,820	434,635,386
Import Demand Loans	349,016,655	1,682,392,479
Bank Overdrafts	72,749,948	324,537,052
	1,723,725,423	2,441,564,917

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.

31st March 2023	Profit or Loss	
	100 bp Increase Rs.	100 bp Increase Rs.
Variable Rate Instruments	(17,237,254)	(17,237,254)
Cash Flow Sensitivity (Net)	(17,237,254)	(17,237,254)

Interest rates have shown a sharp increase due to the policy rate adjustments by the Central Bank of Sri Lanka. The interest rates on most of our loans and borrowings are currently on a floating basis. As such, our financial performance may be negatively affected by changes in prevailing interest rates in the financial market.

37.2 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	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total Liabilities	3,381,245,347	4,274,234,741	2,969,839,835	3,631,105,933
Less: Cash and Cash Equivalents Favourable	(264,094,509)	(326,240,025)	(243,972,970)	(315,863,259)
Net Debt	3,117,150,838	3,947,994,716	2,725,866,865	3,315,242,674
Total Equity	4,310,218,811	3,796,420,604	4,169,432,584	3,462,305,219
Net Debt to Equity Ratio	72%	104%	65%	96%

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.

Notes to the Financial Statements

38 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

38.1 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 2023	Company			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Fair Value through OCI	29,545,511	-	-	29,545,511
	29,545,511	-	-	29,545,511

As at 31st March 2022	Company			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Fair Value through OCI	29,344,528	-	-	29,344,528
	29,344,528	-	-	29,344,528

38.2 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.

	2023	
	Carrying Amount	Fair Value
	Rs	Rs
Assets		
Cash and Cash Equivalents	264,094,509	264,094,509
Trade and Other Receivables	1,964,690,027	1,964,690,027
Short Term Investment	137,725,637	137,725,637
Amounts due from Related Companies	106,859,947	106,859,947
Liabilities		
Trade and Other Payables	528,021,033	528,021,033
Borrowings	1,650,975,475	1,650,975,475
Amounts due to Related Companies	280,865,607	280,865,607
Bank Overdraft	72,749,948	72,749,948

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 and prepayments, prepayments to suppliers and advances amounting to Rs. 590,217,018/- (2022 - Rs. 508,084,012/-) 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.

38.3 Categorization of Financial Assets and Liabilities as at the Reporting Date

Group -2023	Classification				Fair Value	
	Amortized Cost	FVTPL	FVOCI	Other Financial Liabilities	Level 1	Level 2
	Rs.			Rs.	Rs.	Rs.

Financial Instrument

Trade and Other Receivables	1,964,690,027	-	-	-	-	-
Amount due from Related Parties	106,859,947	-	-	-	-	-
Other Financial Assets	-	-	29,545,511	-	29,545,511	-
Cash and Cash Equipments	264,094,509	-	-	-	-	-

Financial liabilities

Trade and Other Payables	-	-	-	528,021,033	-	-
Borrowings	-	-	-	1,650,975,475	-	-
Amounts due to Related Companies	-	-	-	280,865,607	-	-
Bank Overdraft	-	-	-	72,749,948	-	-

Group -2022	Classification				Fair Value		
	Amortized Cost	FVTPL	FVOCI	Other Financial Liabilities	Level 1	Level 2	Level 3
	Rs.			Rs.	Rs.	Rs.	Rs.

Financial Instrument

Trade and Other Receivables	2,742,021,334	-	-	-	-	-	-
Amount due from Related Parties	87,064,544	-	-	-	-	-	-
Other Financial Assets	-	-	29,344,528	-	29,344,528	-	-
Cash and Cash Equipments	326,240,025	-	-	-	-	-	-

Financial liabilities

Trade and Other Payables	-	-	-	1,372,248,737	-	-	-
Interest Bearing Borrowings	-	-	-	2,117,027,865	-	-	-
Amounts due to Related Companies	-	-	-	1,243,932	-	-	-
Bank Overdraft	-	-	-	324,537,052	-	-	-
Leases	-	-	-	360,782	-	-	-

SUPPLEMENTARY INFORMATION



**Powering
Growth Shaping
Expertise**

Shareholder Information

The distribution and analysis of shareholdings were as follows;

Shareholding From -To	As at 31st March 2023			As at 31st March 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1-1,000	13,933	12,144,463	2.26%	14,193	12,329,521	2.29%
1,001-10,000	6,212	14,645,705	2.72%	6,702	16,926,905	3.15%
10,001-100,000	696	21,460,630	3.99%	926	28,591,334	5.32%
100,001-1,000,000	80	23,101,380	4.30%	128	33,585,640	6.25%
1,000,001-10,000,000	14	466,160,252	86.73%	14	446,079,030	82.99%
Total	20,935	537,512,430	100.00%	21,963	537,512,430	100.00%

Shareholding From -To	As at 31st March 2023			As at 31st March 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	20,895	532,818,847	99.13%	21,922	533,369,480	99.23%
Non-Resident	40	4,693,583	0.87%	41	4,142,950	0.77%
Total	20,935	537,512,430	100.00%	21,963	537,512,430	100.00%

Shareholding From -To	As at 31st March 2023			As at 31st March 2022		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individual	20,682	72,480,782	13.48%	21,657	89,188,371	16.59%
Institutional	253	465,031,648	86.52%	306	448,324,059	83.41%
Total	20,935	537,512,430	100.00%	21,963	537,512,430	100.00%

Share Price	As at 31st March 2023	As at 31st March 2022
	(Rs)	(Rs.)
High	14.80	18.50
Low	5.20	5.50
Close	12.00	6.80

Shareholder Information

TOP 20 SHAREHOLDERS

No.	Name	As at 31st March 2023		As at 31st March 2022	
		Shareholding	%	Shareholding	%
1	Iconic Trust (Private) Limited	156,866,167	29.18	156,866,167	29.18
2	Sierra Holdings (Pvt) Limited	143,354,345	26.67	143,354,345	26.67
3	Hatton National Bank PLC/Almas Holdings (Private) Limited	56,400,478	10.49	45,311,229	8.43
	Almas Holdings (Private) Limited	11,704,194	2.18	9,660,000	1.80
	Amana Bank PLC/Almas Holdings (Pvt) Ltd	11,160,000	2.08	13,511,934	2.51
4	Hatton National Bank PLC/Almas Capital (Private) Limited	55,627,905	10.35	-	-
5	Mr. D.S. Panditha	11,738,918	2.18	11,738,918	2.18
6	Commercial Bank of Ceylon PLC/W. Jinadasa	5,976,403	1.11	-	-
7	Tranz Dominion, L.L.C.	3,600,000	0.67	3,600,000	0.67
8	Employees Trust Fund Board	2,294,368	0.43	2,294,368	0.43
9	Hatton National Bank PLC/Ravindra Erle Rambukwelle	2,157,000	0.40	2,757,000	0.51
10	Merchant Bank of Sri Lanka & Finance PLC/ R.G. Senevirathne and A. Senavirathne	2,053,600	0.38	1,623,600	0.30
11	Mr. D.k.a.k. Weerathunga	1,976,874	0.37	1,990,000	0.37
12	Corona T Stores (Private) Limited	1,250,000	0.23	1,250,000	0.23
13	Dr. C.C. James	1,000,000	0.19	1,000,000	0.19
14	Mr. D.M.P. De Zoysa	975,000	0.18	975,000	0.18
15	Hatton National Bank PLC/Dinesh Nagendra Sellamuttu	842,199	0.16	592,199	0.11
16	Union Investments Private Ltd	821,500	0.15	821,500	0.15
17	Merchant Bank of Sri Lanka & Finance PLC/R.H. Munasinghe	800,000	0.15	1,633,798	0.30
18	Southasia Economic and Trade Cooperation Pvt Ltd	695,599	0.13	695,599	0.13
19	Commercial Bank of Ceylon PLC/S.A. Gulamhusein	692,200	0.13	692,200	0.13
20	Mrs. F.R. Buhardeen	673,565	0.13	-	-
	Total	472,660,315	0.88	399,675,657	0.74

Ten Year Summary- Group

For the year ended 31 March	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Results										
Turnover	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	8,257,835,280	7,069,360,002
Gross Profit	317,446,509	741,951,185	630,701,896	878,893,414	570,545,593	579,954,537	946,681,164	880,957,894	1,544,135,340	2,564,786,486
Profit From Operations	(208,594,160)	474,971,589	377,663,501	498,862,100	169,031,973	302,240,663	473,118,590	495,404,118	1,078,940,198	1,725,536,198
Profit Before Associate Company's										
Share of Profit	(376,172,873)	359,185,690	273,134,238	346,794,764	(11,975,586)	27,513,370	255,970,660	322,561,981	562,946,915	851,259,145
Profit After Tax	(306,478,634)	250,223,630	191,013,313	265,459,538	(38,775,906)	12,396,169	228,758,686	319,961,155	471,680,985	703,352,327
As at 31 March										
Assets										
Property Plant & Equipment	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	2,799,890,735	2,719,004,672
Other Non Current Asset	132,512,794	48,289,459	48,772,074	39,622,551	106,629,108	45,469,381	46,135,786	66,676,972	83,306,697	209,269,791
Current Assets	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	5,187,457,912	4,763,189,695
Total Asset	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	8,070,655,345	7,691,464,158
Liabilities										
Long Term Debt	185,601,577	188,532,384	142,263,090	71,484,209	97,601,618	61,585,178	113,244,086	142,094,560	301,965,249	379,635,225
Other Non Current Liabilities	106,998,021	162,580,867	217,033,415	201,002,005	304,376,702	273,262,392	263,240,870	269,535,698	374,084,107	593,496,342
Short Term Debt	128,080,471	35,393,566	72,104,387	98,056,157	238,221,924	276,052,246	186,423,083	132,699,932	324,537,052	72,749,948
Other Current Liabilities	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	3,387,220,329	3,273,648,327	2,335,363,832
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	461,207,379	555,812,147	644,158,268	786,971,222	928,280,433	892,087,895	1,117,937,088	1,810,974,781	2,874,719,220	3,390,552,378
Minority Interest	11,312,491	10,805,720	3,975,590	(1,842,470)	8,393,965	10,283,494	9,478,637	12,903,655	27,135,487	25,100,535
Ratios										
Total Assets/Equity	2.21	2.12	2.11	2.63	2.74	2.95	2.42	2.45	2.13	1.78
Turnover/Assets	0.76	1.13	0.93	0.92	0.81	0.89	1.14	0.83	1.02	0.92
Net Margin(%)	(13.41%)	7.19%	6.29	6.56%	(0.95%)	0.26%	4.11%	5.82%	5.71%	9.95%
Return on Equity(%)	(21.46%)	18.10%	12.41	16.13%	(1.51%)	0.75%	11.82%	11.94%	12.35%	16.32%
Return on Assets(%)	(10.16%)	8.09%	5.86	6.01%	(0.77%)	0.23%	4.67%	4.81%	5.84%	9.14%
Share Information										
Earnings per Share	(0.54)	0.49	0.36	0.50	(0.05)	0.02	0.43	0.60	0.87	1.32
Price Earnings Ratio	(3.14)	8.19	8.16	6.23	(43.10)	64.24	4.92	9.48	7.85	9.12
Net Assets Per Share	2.52	2.70	2.86	3.12	3.39	3.39	3.74	5.05	7.01	7.97

Notes

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Notice of the Annual General Meeting

SIERRA CABLES PLC - REG NO. PQ166

NOTICE IS HEREBY GIVEN THAT THE 20TH ANNUAL GENERAL MEETING of the Company will be held on 26th September 2023 at 11.00 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at LOLC Holdings PLC, No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

The business to be brought before the meeting will be:

1. To receive and consider the Report of the Directors and Statement of Accounts of the Company for the Financial Year ended 31st March 2023 with the Auditors' Report thereon.
2. To re-elect Mr. D S Kamantha Amarasekara as a Director, who retires by rotation in terms of Article 91 of the Articles of Association of the Company.
3. To re-elect Mr. P Weerasingha as a Director, who retires by rotation in terms of Article 91 of the Articles of Association of the Company.
4. To re-elect Mr. Gunendra Jayasena as a Non Executive Director, who retires by rotation in terms of Article 97 of the Articles of Association of the Company.
5. To re-appoint Mr. D S Panditha as an Executive Director. A Notice has been received from a shareholder in terms of Section 211 of the Companies Act No. 7 of 2007 of the intention to propose the following Resolution as an Ordinary Resolution:

RESOLUTION

"That Mr. D S Panditha who has reached the age of 71 years on 14th July 2023 be and is hereby re-appointed as an Executive Director of the Company for a period of one year or until the conclusion of the next Annual General Meeting whichever occurs first and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

6. To re-appoint Mr. B W Nimal Rupasinghe as an Independent Non-Executive Director. A Notice has been received from a shareholder in terms of Section 211 of the Companies Act No. 7 of 2007 of the intention to propose the following Resolution as an Ordinary Resolution:

RESOLUTION

"That Mr. B W Nimal Rupasinghe who has reached the age of 70 years on 13th January 2023 be and is hereby re-appointed as an Independent Non-Executive Director of the Company for a period of one year or until the conclusion of the next Annual General Meeting whichever occurs first and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

7. To re-appoint M/s KPMG, Chartered Accountants as the auditors for the ensuing financial year at a remuneration to be fixed by the Directors.
8. To approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By order of the Board

(Sgd.)

LOLC Corporate Services (Private) Limited

Secretaries

01st September 2023

Colombo

Form of Proxy

SIERRA CABLES PLC - REG NO. PQ166

I/ We of

..... being a member/members of the above

named Company hereby appoint;

..... of whom failing

Mr. W A P Perera	or failing him
Mr. D S Panditha	or failing him
Prof. A K W Jayawardena	or failing him
Mr. B W N Rupasinghe	or failing him
Mr. P E A B Perera	or failing him
Mrs. V G S S Kotakadeniya	or failing her
Mr. D S K Amarasekara	or failing him
Mr. P Weerasingha	

as my/our proxy to represent me/us and vote on my/our behalf at the Twentieth Annual General Meeting of the Company to be held as an online meeting on 26th September 2023 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

Please indicate your preference by placing an "x" against the resolution.

	For	Against
1. To adopt the Annual Report of the Board of Directors and the Statement of Accounts for the Financial Year ended 31st March 2023 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. D S Kamantha Amarasekara as a Director, who retires by rotation in terms of Article 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. P Weerasingha as a Director, who retires by rotation in terms of Article 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. Gunendra Jayasena as a Non-Executive Director, who retires by rotation in terms of Article 97 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. D S Panditha as an Executive Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. B W Nimal Rupasinghe as an Independent Non-Executive Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint M/s KPMG Chartered Accountants, as the External Auditors of the Company for the ensuing financial year at a remuneration to be fixed by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorize Directors to make donations.	<input type="checkbox"/>	<input type="checkbox"/>

dated this day of Two Thousand and Twenty-three.

.....
Signature of Shareholder/s

Form of Proxy

Notes:

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The Proxy shall:
 - a) in the case of an individual, be under the hand of the shareholder or his or her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Form Proxy if it has not already been registered with the Company.
 - b) if the shareholder is a company or a corporation, be either under its common seal or under the hand of an officer or attorney authorized by such organization in that behalf in accordance with its Articles of Association or Constitution.
3. Please indicate with an 'X' how the proxy should vote on each Resolution. If no indication is given, the proxy shall exercise his/her discretion and vote as he/she thinks fit.
4. The completed Form of Proxy should be deposited at LOLC Corporate Services (Private) Limited, Secretaries to Sierra Cables PLC, 4th Floor, No. 34, Sir Mohamed Macan Markar Mawatha, Colombo 03, or scanned and emailed to corporateservices@lolc.com with the email subject titled "SIERRA AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

Corporate Information

NAME OF THE COMPANY

Sierra Cables PLC

COMPANY RE-REGISTRATION NO.

PQ 166 (Under Companies Act No.07 of 2007)

REGISTERED OFFICE

No. 39/1A, Galvarusa Road, Korathota, Kaduwela.

COMPANY SECRETARIES

L O L C Corporate Services (Private) Limited
No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya
Tel: 0112 663 000
Fax: 0112 307 380
Email: corporateservices@lolc.com

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The principal activity of the company is manufacturing, marketing and distribution of power cables.

AUDITORS

KPMG (Chartered Accountants)
32 A, Sir Mohamed Macan Marker Mawatha
P.O. Box 186, Colombe 03.
Tel: 011 5426426
Fax: 011 2445872
E-mail: frt@kpmg.lk

SUBSIDIARY COMPANIES

Sierra Industries (Private) Limited
Sierra Cables East Africa Limited, Kenya

EQUITY-ACCOUNTED INVESTEEES

T & G Lanka (Private) Limited - Associate
The Tea Leaf Resort Holding (Pvt) Ltd - Associate
Cables PTE Limited, Fiji - Joint Venture

BANKERS

Commercial Bank of Ceylon PLC
Sampath Bank PLC
Bank of Ceylon
People's Bank
DFCC Bank
Cargills Bank Limited
Hatton National Bank
Standard Chartered Bank
Habib Bank Limited
Bank of China

DOMICILE AND LEGAL FORM

Sierra Cables PLC is a Limited Liability Company incorporated and domiciled in Sri Lanka.

Road Colombo 05 and principle place of business is located at;
39/1A, Galwarusa Road, Korathota, Kaduwela.
Tel: 011 4412000-4
Fax: 011 2770291, 011 4412573
E-mail: info@sierracables.com
Issued Ordinary shares of the Company is stated as listed on the Colombo Sock Exchange since 22nd November 2005



Sierra Cables PLC

Co. Reg. No. PQ 166

P.O. Box 6, Kaduwela, Sri Lanka.

Tel : +94 11 4412000 - 4 | Fax : +94 11 4412573

E-mail : info@sierracables.com | Web : www.sierracables.com