GLOBALLY PROVEN.
LOCALLY RISING

SIERRA CABLES PLC | ANNUAL REPORT 2025/2026



sierra cables

GLOBALLY PROVEN.
LOCALLY RISING

From distant markets to local horizons, Sierra Cables has evolved into a name that embodies the strength of Sri Lankan engineering onto the global stage. Forged through precision, resilience, and uncompromising quality, our cables now power vital connections across some of the world's most demanding markets, with the United States standing as a testament to our internationally proven standards.

Yet our journey forward is not defined by borders reached alone. As our global footprint expands, so too does our ambition at home. Backed by strategic investment, strengthened capacity, and internationally accredited manufacturing excellence, Sierra is now transforming its global success into accelerated local growth.

The intricate network of cables forming the world map reflects more than export reach. It symbolizes a company connecting global trust with local progress. Driven by sustainability, innovation, and industrial leadership, Sierra Cables continues to rise as a globally competitive brand proudly anchored in Sri Lanka, powering a future that is both internationally respected and locally empowered.

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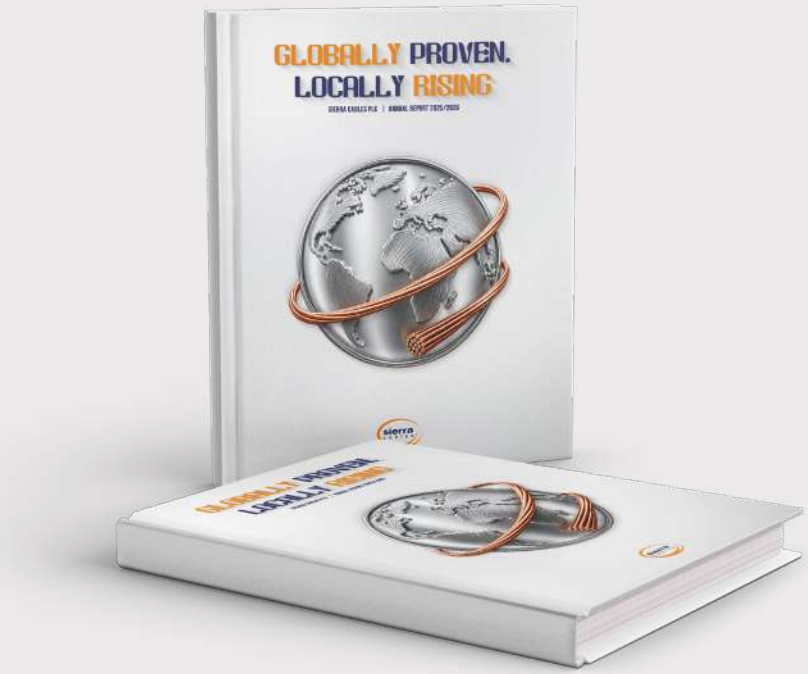
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ABOUT THIS REPORT — READER'S GUIDE



Reporting Scope and Boundary

The report covers the performance (operational and financial) of Sierra Cables PLC and combines financial reporting with a comprehensive narrative that includes verified quantitative, financial and qualitative information.

We invite our shareholders to use this introduction as a guide to the Integrated Annual Report of Sierra Cables PLC for the FY2025/26. Readers will be able to gain insight into where the Company has been and what has defined and shaped our journey across the year, which ended on 31st March 2026.

What you will find in this report is everything from our operational performance to Audited Financial Statements, which reflect the period from 1 April 2025 to 31 March 2026, with relevant improvements.

HOW THE STORY WAS BUILT

Each section of this report has undergone a deliberate process of information gathering and compilation to reflect the year's activities and outcomes. We have carefully evaluated and prioritised what matters most to us and have presented the material matters that bear the biggest relevance and importance to our stakeholders and the company.

Sections and aspects presented within this annual report are topics pertinent to real influence on long term value creation, which made it into these pages. That includes financial performance, of course, but also environmental impact, social responsibility, governance behaviour, and the risks and opportunities that connect them.

OUR PREVIOUS REPORTS AND REPORT ACCESSIBILITY

Our reports are accessible through the official company website, which also provides access to other information that is relevant to shareholders and potential investors. The website provides comprehensive access to information, and we remain committed to timely improvements and information updates – exercising transparency and stakeholder engagement.



Board Assurance

The Board is responsible for ensuring the quality and credibility of the Annual Report 2025/26. The Board assures that the report is based on the Principles of Integrated Reporting and provides a fair and balanced approach to reporting vital information and material matters crucial to underline the Company's operational and financial performance.

The Annual Report was approved by the Board on the 13th July 2026.

Signed on behalf of the Board,

Mr. I. C. Nanayakkara
(Non-Executive Chairman)

Access our previous Annual Reports at
https://www.sierracables.com/financial-information/

THE PRINCIPLES BEHIND THE PAGES

Across the report, we have several guiding principles that shape the narrative, and are grounded in Integrated Reporting. This has enabled us to ensure trustworthiness, quality and credibility. You will notice:

- Completeness - information that is complete but not cluttered
- Accuracy and Consistency - data that is accurate and consistent
- Clarity - explanations that are clear rather than technical
- Credibility and reliability - trustworthy
- Relevance - information aligned with stakeholder needs
- Timeliness and Comparability - up-to-date and comparable information
- Verifiability - disclosures that can be verified
- Neutrality - neutral and balanced reporting

THE STANDARDS WE FOLLOWED

Several frameworks have guided how we organise and present information. The following table provides an overview of the voluntary and mandatory frameworks adopted in the preparation of this report and when preparing crucial documentation or disclosures.

INDEPENDENT EYES ON THE NUMBERS

Apart from thorough internal scrutiny and diligent recording and reporting of financial information, the financial statements for the FY 2025/26 have been audited by Messrs KPMG – ensuring that the report has an external layer of credibility to the information presented.

FRAMEWORKS AND GUIDELINES

Mandatory Frameworks and Guidelines	Voluntary Frameworks and Guidelines
Financial	**Integrated Reporting**
Sri Lanka Accounting Standards (SLFRS/LKAS)	International Integrated Reporting Framework (IIRF) — IFRS Foundation
Governance	**Sustainability Reporting**
Companies Act No. 07 of 2007	UN Sustainable Development Goals (SDGs)
Listing Rules of the Colombo Stock Exchange (CSE)	Sri Lanka Financial Reporting Standards S1 General Requirements for Disclosures of Sustainability Related Financial Information and SLFRS S2 climate related Disclosures
Code of Best Practice on Corporate Governance — CA Sri Lanka & SEC	
Reporting	**Industry Standards**
Securities and Exchange Commission (SEC) Regulations	ISO Standards (where applicable)
Colombo Stock Exchange Disclosure Rules	
Assurance	
Sri Lanka Auditing Standards (SLAuS)	
Audited by Messrs KPMG	

INTEGRATED THINKING IN ACTION

Introductions to all six capital reports show how our resources, their management, related outcomes and related sustainability performances. The capital reports demonstrate this interconnectedness aptly and concisely.

WHO THIS REPORT SPEAKS TO

The report's primary objective is to provide qualitative and quantitative, financial and non-financial information to our primary audience of shareholders and potential investors. However, the narrative is broadly based on integrated reporting, which will appeal to our customers (local and international), suppliers, regulators, the government and the community.

HOW TO NAVIGATE

Throughout the report (where most relevant and useful), you will find cross-references and icons that help you connect the dots between information without losing focus on integrated, interconnected reporting. We intended to ensure that the report provides a holistic, comprehensive experience for our stakeholders and omits no pertinent, valuable information.



Scan for Digital View

The Annual Report is available on our official website **www.sierracables.com**

ABOUT THIS REPORT — READER'S GUIDE

STAKEHOLDERS


Employees


Customers


Suppliers


Shareholders


Community/Society


Regulators

CAPITALS


Financial Capital


Human Capital


Intellectual Capital


Social and Relationship Capital


Manufactured Capital


Natural Capital

MATERIAL MATTERS


Financial & Strategic Performance


Governance, Ethics & Compliance


Risk, Continuity & Operational Resilience


Products, Innovation & Quality


Customer & Market Engagement


People, Culture & Workplace


Environmental & Social Responsibility

IMPROVEMENTS MADE IN THE ANNUAL REPORT

The following improvements were adopted to enhance disclosures.

- Structure and narrative in line with Integrated Reporting
- Enhanced reporting on Sustainable Development Goals
- Enhanced analysis to depict value creation
- Connectivity between value creation, materiality and capitals
- Thorough stakeholder identification and relevant alignments.

DISCLAIMER

The report includes forward-looking statements in relation to the outlook and future outcomes of Sierra Cables as a Group. These can be found in various sections and represent the expected progress of envisioned strategies and approaches to value creation and management. We urge you to recognise that the Company could face risks and uncertainties in the future, which could cause expected outcomes to change. Therefore, please use discretion and better judgment in reading this report, keeping in mind that unexpected developments and incidents could lead to future deviations.

FEEDBACK

Every perspective, feedback and criticism on the report's content will be taken into account when developing our integrated annual report for next year. We invite you to share your thoughts and comments with the following personnel, who will gather and share your inputs with the Board and the team responsible for report development.

R.D.S Malinga
Head of Finance
Email : malinga_r@sierracables.com
Phone : 0114 412 000 - Ext: 3033

OUR VISION & MISSION



Being the bridge in energising the community.

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

Become a reputed organisation by promoting sustainable development. Uplift the living standards of the Sierra Cables family.

As a responsible and ethical corporate entity, Sierra Cables PLC conducts its affairs based on a set of values.

Every member of the Sierra Cables family is committed to following them.

STRATEGIC GOAL

Manufacture innovative products ranges be the pioneer in the cable industry. Extend our footprint beyond Sri Lanka's geographical boundaries. To reduce the environmental impact by reducing the carbon footprint year-on-year.

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 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 the customer experience by fulfilling their requirements.

INNOVATION:

Driving innovation.

ENVIRONMENTAL STEWARDSHIP:

Operate responsibly to ensure minimal impact on the environment.

STAKEHOLDER ENGAGEMENT:

Proactive and continuous engagement.

SIERRA CABLES PLC

Ensuring credibility, high standards and trust, Sierra Cables PLC continues to thrive in an increasingly competitive manufacturing environment. While redefining the cable industry, we have surpassed industry benchmarks and organisational milestones, year after year, shaping our reputation both locally and globally.

The Company has over two decades of sustained trust and a reputation built on a strong financial foundation, supported by constantly expanding operational capacities and a well-grounded strategic direction. Driven by these factors, the Company has risen to become the undisputed leader in Sri Lanka's cable manufacturing industry, consolidating a commanding market position while sustaining an impressive pace of growth.

For over two decades, we have manufactured and distributed cable products for industrial and commercial purposes, both in Sri Lanka and across borders. We are now an exporter of cables to the US market, developed in line with rigorous standards and quality standards to meet the stringent demands of the North American market.

Exports



- Highest Revenue and Highest Net Profit



- Credit Rating A+ (lka) (Four consecutive years)



- Best Brand Exporter and Gold Award National Chamber of Exporters of Sri Lanka (NCE)



- UL44 and UL 854 certifications -The only cable manufacturer in Sri Lanka to hold these internationally recognised certifications.

Sierra Cables PLC is the sole Sri Lankan cable manufacturer certified with UL 44 and 854, which provides access to the stringently regulated US market. The certification has validated our adherence to rigorous product and safety standards and has earned us a distinctive position within the local industry. Furthermore, we have enhanced our reach through strategic dealer partnerships, improved channel engagement initiatives, and strengthened customer service support, ensuring greater product availability and accessibility across both urban and regional markets.

Integration into the LOLC Group, one of Sri Lanka's most prominent conglomerates, has strengthened our governance framework, unlocked strategic investments, and sharpened the Company's long-term growth focus.

Our growth and success were enhanced in 2025, as we took a transformative turn with Browns Investments becoming our parent company; Browns Group of Companies is one of Sri Lanka's well-diversified and longstanding conglomerates, and this strategic transformation has driven profitability and has enhanced disciplined execution; moreover, the move has strengthened leadership and the team's commitment to quality, compliance and innovation, which in turn drives our stability and sustainability.

Our impact has resonated nationally, with our cables powering some of the nation's most iconic infrastructure projects, including commercial and rural infrastructure projects, residential projects, industrial complexes and industry requirements, apart from national infrastructure projects.

GLOBAL PRESENCE AND RECOGNITION

Our products have reached the markets of the Asian region, Eastern Europe, Oceania, North America, and several destinations in Africa, earning us recognition as the Best Sri Lankan Brand Exporter and the Gold Award Winner in the Electronic and Electrical Products Sector at the NCE Export Awards 2025.

As a Group, we continue to expand our international reach, with associate operations established in Fiji through Cables PTE Ltd, strengthening our ability to serve regional markets while reinforcing an export-oriented growth strategy. Locally, T&G Lanka Pvt Ltd operates as an associate company of Sierra Cables PLC. T&G Lanka is a leading Norwegian supplier of electrical and fibre-optic cable systems, bringing international technical expertise and industry knowledge that further enhance the Group's capabilities and market presence.

Further broadening its horizons in the African region, the Group's newest venture, Browns Manufacturing Ltd in Zambia, marks a strategic diversification into the manufacturing of uPVC and HDPE pipes, opening new growth avenues in the construction and infrastructure sectors.

EXPORT DESTINATIONS



OUR PRODUCTS

Our core competencies include Copper and Aluminium Cable production, which includes industry-specific products of the highest quality. Our innovations continue to align with specialised cables for various applications, including renewable power and telecommunications, infrastructure development projects, and household and industrial applications.

Our expertise in developing and manufacturing cable products has continuously exceeded quality standards and expectations in Sri Lanka and overseas.

ADVANCED PRODUCTION CAPABILITIES

Our production capacities have expanded over recent years, enabling us to deliver cables with varying capacities. Our manufacturing facility is fully fortified with unparalleled infrastructure and equipment to produce globally and locally demanded products while adhering to stringent customer specifications and industry regulations for optimal safety and durability.

The production capabilities and resources of our local plant include a high-end in-house laboratory and testing facilities, as well as advanced manufacturing facilities, located at our complex in Kaduwela, Sri Lanka. The production complex houses advanced testing capabilities, including flame propagation, smoke density, corrosive gas emissions, and BS 6387 fire resistance; together, these ensure the applicability of world-class industry and product standards and conformance to local regulations for safety and reliability.

OUR SUSTAINABLE APPROACHES

Our deliberate best practices in environmental sustainability have secured us multiple national recognitions. These exemplify our commitment to national and global benchmarked sustainability practices, ensuring our operations remain environmentally sound.

Sierra Cables PLC is the only cable manufacturer to be certified with the 4-Star Green Labeled Product Certification, awarded by the Green Building Council of Sri Lanka. The Award was granted for the period 2025-2028 for fulfilling the required criteria for environmental sustainability, including responsible sourcing, low environmental impact during manufacture, energy efficiency, and contribution to sustainable construction practices.

Bronze Award in 2025 in recognition of excellence in environmental sustainability – at the Presidential Environment Awards, awarded by the Government of Sri Lanka. The award is one of the most prestigious among national environmental sustainability recognitions and acknowledges organisations with demonstrated environmental management practices, pollution prevention, resource efficiency and ecological protection.

OUR JOURNEY

2000

Incorporation

Sierra Cables Limited was incorporated as a legal entity in 2000.

2005

Public Listing

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

2009

CNCI Industrial Excellence Gold Award

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

2010

Quality Crown Award

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

2011

Best Cable Manufacturer of the Year

UDC International Business Awards 2011 in recognition of innovation, product development and sustainability.

Sierra Industries (Pvt) Ltd.

A subsidiary of Sierra Cables PLC engaged in the manufacturing and distribution of uPVC pipes and fittings. (Amalgamated with SCPLC w.e.f. 31st December 2023)

2015

Kenya Market Entry

Our very first cable manufacturing plant outside Sri Lanka.

2016

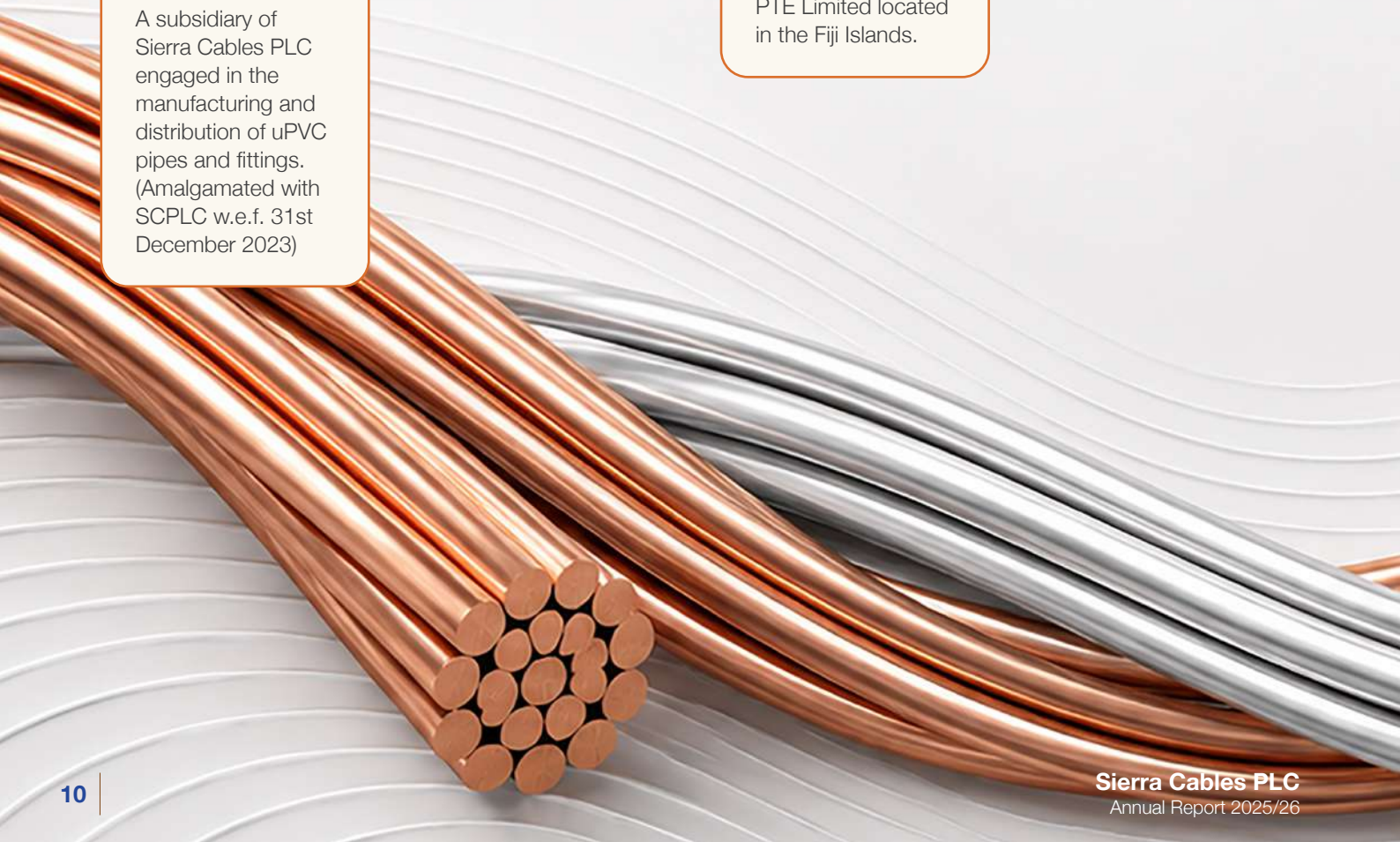
FIJI Market Entry

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

2018

Manufacturing FR Cables

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



2019

In-house Solar Cable Manufacturing

Started manufacturing solar cables in-house, obtaining SLS 1542 Certification.

Silver Award for Annual Report

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

2021

Best Manufacturer of the year

Under large category at South Asian Business Excellence awards.

2022

Gold Award at Annual Export Awards

Gold award at the 30th Annual Export Awards by the National Chamber of Exporters of Sri Lanka (NCE)

Green Labelled Product Award

3-Star Green Labelled Product Award for the period 2022 to 2025 by the Green Building Council of Sri Lanka.

Merit Award - Quality

At Sri Lanka National Quality Awards organised by the SLSI.

2023

Fitch Rating

Fitch Rating affirmed National long term rating at A+ (lka) with a stable outlook.

Gold Award at National Industry Excellence Awards

By the Industrial Development Board-Ministry of Industries.

2024

Fitch Rating

Fitch Rating affirmed National long term rating at A+ (lka) with a stable outlook.

2025

Best Brand Exporter and Gold Award

By the National Chamber of Exporters of Sri Lanka (NCE)

Obtaining the UL Certification

Successfully obtained UL 44 Certification from Underwriters Laboratories (UL)

Green Labelled Product Award

4-Star Green Labelled Product Award for the period 2025 to 2028 by the Green Building Council of Sri Lanka.

2026

Obtaining the UL Certification

Successfully obtained UL 854 Certification from the Underwriters Laboratories (UL)

Highest Revenue

The Group achieved its highest-ever revenue of Rs. 16 Bn with a 73% growth over the previous year.

Highest Net Profit

The Group recorded its highest-ever net profit of Rs. 2.7 Bn, reflecting a 194% year-on-year increase.

AWARDS & RECOGNITIONS – LAST 5 YEARS

Sierra Cables PLC has achieved remarkable recognition across multiple prestigious platforms over the period 2021 to 2025. These awards span manufacturing excellence, export performance, management practices, quality systems, environmental sustainability, and brand leadership, reflecting the organisation's comprehensive commitment to excellence across all dimensions of its operations.

The awards presented in this annexure have been conferred by nationally and regionally recognised institutions, including the National Chamber of Exporters of Sri Lanka, the Sri Lanka Standards Institution, the Chartered Professional Managers of Sri Lanka, and the Green Building Council of Sri Lanka, among others. Together, they demonstrate Sierra Cables PLC's sustained performance and industry leadership over a five-year period.

No.	Award Name	Awarded By	Year	Recognition
1	**South Asian Business Excellence Awards**	South Asian Partnership Summit (SAPS)	2021	Best Manufacturer of the Year
2	**Best Management Practices Award**	Chartered Professional Managers of Sri Lanka (CPM Sri Lanka)	2022	Top Ten Winner - Management Excellence
3	**Annual Export Awards — Gold**	National Chamber of Exporters of Sri Lanka (NCE Sri Lanka)	2022	Electronic & Electrical Products
4	**South Asian Business Excellence Awards**	South Asian Partnership Summit (SAPS)	2022	Best Manufacturer of the Year
5	**Sri Lanka National Quality Awards**	Sri Lanka Standards Institution (SLSI)	2022	Merit Award - Quality
6	**Green Labelled Product Award (3-Star)**	Green Building Council SL	2022–2025	Sustainable Products
7	**National Industry Excellence Awards**	Ministry of Industries	2023	Gold - Electrical & Electronics Sector
8	**Green Labelled Product Award (4-Star)**	Green Building Council SL	2025–2028	Sustainable Products
9	**Annual Export Awards — Gold**	National Chamber of Exporters of Sri Lanka (NCE Sri Lanka)	2025	Gold Award & Best Brand Exporter 2025
10	**Presidential Environment Award**	Central Environmental Authority – Ministry of Environment	2025	Environmental Sustainability



ANNUAL EXPORT AWARDS GOLD AWARD & BEST BRAND EXPORTER 2025

GOLD AWARD

CATEGORY:

Electronic & Electrical Products Sector | Best Brand Exporter

AWARDED BY:

National Chamber of Exporters of Sri Lanka (NCE Sri Lanka)

DESCRIPTION:

Sierra Cables PLC has been recognised with the Gold Award in the Electronic & Electrical Products Sector in recognition of outstanding export performance for three consecutive years from 2021 to 2023, and again in 2025.

In addition to the sectoral Gold Award, Sierra Cables PLC was also awarded the title of Best Brand Exporter for the year 2025 by the National Chamber of Exporters of Sri Lanka - a distinction that recognizes organisations that have built and sustained a powerful, internationally recognised brand within their export markets.

SIGNIFICANCE:

- Three consecutive years of Gold Award recognition (2021–2023) followed by a further win in 2025 demonstrates enduring, consistent export excellence - not a one-time achievement.
- The Best Brand Exporter 2025 award is a distinct and prestigious recognition that confirms Sierra Cables PLC has built a strong international brand identity and reputation in export markets, beyond just volume performance.
- Multiple NCE awards across different years and categories confirm the organization's position as one of Sri Lanka's most successful and credible exporters in the electrical and electronics space.



PRESIDENTIAL ENVIRONMENT AWARD 2025

PRESIDENTIAL AWARD

CATEGORY:

Excellence in Environmental Sustainability

AWARDED BY:

Central Environmental Authority – Ministry of Environment

DESCRIPTION:

Sierra Cables PLC was awarded the Presidential Environment Bronze Award in 2025 in recognition of its excellence in environmental sustainability.

The Presidential Environment Awards are among the most prestigious environmental recognitions in Sri Lanka, conferred under the auspices of the President of Sri Lanka and administered through the relevant environmental authorities. They acknowledge organisations that have demonstrated exemplary environmental management practices, pollution prevention, resource efficiency, and contributions to ecological protection.

SIGNIFICANCE:

- A Presidential Award carries the highest level of national recognition and credibility, confirming that the organisation's environmental practices meet the standards set by the Government of Sri Lanka.
- Bronze Award recognition at the presidential level represents a significant achievement that places Sierra Cables PLC among an elite group of environmentally responsible Sri Lankan organisations.
- Environmental excellence at this level demonstrates that the organisation manages its industrial operations including waste, emissions, energy, and resource use - responsibly and in compliance with national environmental regulations.

AWARDS & RECOGNITIONS – LAST 5 YEARS



ANNUAL EXPORT AWARDS GOLD AWARD 2023

🏆 GOLD AWARD

CATEGORY:

Electronic & Electrical Products Sector

AWARDED BY:

National Chamber of Exporters of Sri Lanka (NCE Sri Lanka)

DESCRIPTION:

Sierra Cables PLC was awarded the Gold Award in the Electronic & Electrical Products Sector at the National Chamber of Exporters of Sri Lanka Annual Export Awards 2023, in recognition of its outstanding export performance during the year.

The 2023 Gold Award is particularly significant as it represents second consecutive year of top-tier recognition at the NCE Awards, demonstrating that the organisation's export performance remained at the highest level despite challenging global trading conditions during the post-pandemic period.

SIGNIFICANCE:

- Sustained performance across three consecutive award years, through a period of significant global supply chain disruption and economic headwinds, reflects exceptional operational resilience and management capability.
- Continued Gold recognition confirms that Sierra Cables PLC's international customer base, product quality standards, and export volumes remained at the highest level through 2023.



NATIONAL INDUSTRY EXCELLENCE AWARDS - GOLD AWARD 2023

🏆 GOLD AWARD

CATEGORY:

Large Scale — Electrical, Electronics & Allied Sector

AWARDED BY:

Industrial Development Board - Ministry of Industries

DESCRIPTION:

Sierra Cables PLC was presented with the Gold Award in the Large Scale — Electrical, Electronics and Allied Sector at the National Industry Excellence Awards 2023, in acknowledgement of outstanding input and vital dedication to industrial excellence.

The National Industry Excellence Awards honour organisations that have made significant contributions to Sri Lanka's industrial sector through innovation, quality, operational excellence, and industry leadership. The Large Scale category recognises organisations with substantial manufacturing operations and workforce.

SIGNIFICANCE:

- The Gold Award - the highest tier of recognition at the National Industry Excellence Awards — places Sierra Cables PLC at the very top of its sector at the national level.
- Recognition for 'outstanding input and vital dedication' acknowledges not just outcomes but the organisation's commitment, investment, and leadership in driving industrial excellence.
- The Large Scale category designation reflects the organisation's significant operational footprint and its role as a major contributor to Sri Lanka's manufacturing sector.





GREEN LABELLED PRODUCT AWARD 2022-2025 (3-STAR)/2025-2028 (4-STAR)

GREEN LABELLED PRODUCT AWARD

CATEGORY:

Category: Sustainable Building Materials & Products

AWARDED BY:

Green Building Council of Sri Lanka

DESCRIPTION:

Sierra Cables PLC has been awarded the 3-Star Green Labelled Product Award for the period 2022 to 2025 & 4-star Green Label Award for the period 2025-2028 by the Green Building Council of Sri Lanka, in recognition of its sustainable building materials and products.

The Green Label Award is granted to organisations whose products meet defined criteria for environmental sustainability, including responsible sourcing, low environmental impact during manufacture, energy efficiency, and contribution to sustainable construction practices.

The award spans four consecutive years (2022-2025), (2025-2028) reflecting sustained commitment to environmental responsibility rather than a one-off compliance exercise.

SIGNIFICANCE:

- The multi-year (2022-2025) (2025-2028) nature of the award demonstrates long-term, embedded environmental sustainability practices rather than a short-term initiative.
- Green Label certification supports the organisation's products being specified in sustainable building and infrastructure projects, opening access to environmentally-conscious customer segments.
- Demonstrates alignment with global sustainability and ESG (Environmental, Social, and Governance) expectations, which are increasingly important to customers, investors, and supply chain partners.
- Provides independent third-party verification of the environmental credentials of the organisation's cable products, strengthening its value proposition in green construction markets.

SRI LANKA NATIONAL QUALITY AWARDS - MERIT AWARD 2022

MERIT AWARD

CATEGORY:

Quality Systems & Performance Excellence

AWARDED BY:

Sri Lanka Standards Institution (SLSI)

DESCRIPTION:

Sierra Cables PLC received a Merit Award at the Sri Lanka National Quality Awards 2022, organised by the Sri Lanka Standards Institution (SLSI).

The Sri Lanka National Quality Awards are modelled on internationally recognised quality excellence frameworks and evaluate organisations on leadership, strategic planning, customer focus, measurement and analysis, workforce development, operations management, and business results.

The SLSI is the national standards body of Sri Lanka, and recognition by this institution carries significant weight in terms of quality systems credibility.

SIGNIFICANCE:

- A Merit Award from the SLSI - Sri Lanka's national standards body confirms that the organisation's quality management systems are operating to a recognised level of excellence.
- Demonstrates that Sierra Cables PLC's approach to quality encompasses not just product quality but organisational quality: leadership, planning, people, processes, and results.
- Supports confidence in the organisation's ability to consistently deliver products and services that meet customer and regulatory quality requirements.

AWARDS & RECOGNITIONS – LAST 5 YEARS (2021-2025)



SOUTH ASIAN BUSINESS EXCELLENCE AWARDS 2022

🏆 GOLD AWARD

CATEGORY:

Best Manufacturer of the Year — Large Category

AWARDED BY:

South Asian Partnership Summit (SAPS)

DESCRIPTION:

For the second consecutive time, Sierra Cables PLC was recognised as the Best Cable Product Manufacturer in the Large Category covering the Energy, Industrial, and Communication sectors, at the South Asian Business Excellence Awards 2022.

Consecutive recognition at the SABA Awards across 2021 and 2022 demonstrates not only outstanding performance but consistent and sustained manufacturing excellence rather than a single-year achievement.

SIGNIFICANCE:

- Consecutive recognition at the regional level demonstrates that Sierra Cables PLC's manufacturing excellence is consistent and sustained, not a single-year achievement.
- Back-to-back SABA Awards in 2021 and 2022 signal to customers, partners, and regulators that the organisation continuously maintains and improves its manufacturing standards year on year.
- Reinforces the organisation's leadership position in the South Asian cable manufacturing sector across all three major application sectors: energy, industrial, and communication.



ANNUAL EXPORT AWARDS GOLD AWARD 2022

🏆 GOLD AWARD

CATEGORY:

Category: Electronic & Electrical Products Sector

AWARDED BY:

National Chamber of Exporters of Sri Lanka (NCE Sri Lanka) - 30th Annual Export Awards

DESCRIPTION:

Sierra Cables PLC was awarded the prestigious Gold Award in the Electronic & Electrical Products Sector at the 30th Annual Export Awards 2022, organised by the National Chamber of Exporters of Sri Lanka (NCE).

The Annual Export Awards are considered the premier recognition programme for export performance in Sri Lanka, celebrating companies that have made outstanding contributions to the country's export earnings, international market development, and product quality.

SIGNIFICANCE:

- The Gold Award at the NCE Annual Export Awards is one of the most coveted accolades for Sri Lankan exporters, signifying best-in-class export performance in the Electronic & Electrical sector.
- Demonstrates that Sierra Cables PLC's products meet the quality and compliance requirements of international markets, validating the organisation's manufacturing standards from a global perspective.
- Supports the organisation's credibility with international customers and supply chain partners as a reliable, high-quality, export-grade manufacturer.
- Contributes to Sri Lanka's national export income, reflecting the organisation's broader economic role and its alignment with national development priorities.







BEST MANAGEMENT PRACTICES COMPANY AWARD 2022

TOP TEN WINNER

CATEGORY:

Top Ten Winner — Management Excellence

AWARDED BY:

Chartered Professional Managers of Sri Lanka (CPM Sri Lanka)

DESCRIPTION:

Sierra Cables PLC was placed among the Top Ten companies at the Best Management Practices Company Awards 2022, organized by the Chartered Professional Managers of Sri Lanka (CPM Sri Lanka).

The Best Management Practices Awards evaluates organisations on the effectiveness of their management systems, leadership, strategic planning, human resource development, financial management, and operational performance.

SIGNIFICANCE:

- Placement in the national Top Ten by a body of professional management experts confirms that the organization's management systems are among the most effective in Sri Lanka.
- Demonstrates structured and professional management practices across all functional areas of the business, which directly supports operational reliability, safety, and compliance.
- Recognition by the Chartered Professional Managers of Sri Lanka — a professional peer body — carries particular credibility as it reflects an assessment by qualified management professionals rather than a purely commercial competition.

SOUTH ASIAN BUSINESS EXCELLENCE AWARDS 2021

GOLD AWARD

CATEGORY:

Best Manufacturer of the Year — Large Category

AWARDED BY:

South Asian Partnership Summit (SAPS)

DESCRIPTION:

Sierra Cables PLC was recognised as the Best Cable Product Manufacturer in the Large Category, covering the Energy, Industrial, and Communication sectors, at the South Asian Business Excellence Awards 2021.

This award recognizes manufacturers who demonstrate exceptional standards of production quality, technological capability, operational scale, and sector leadership across the South Asian region.

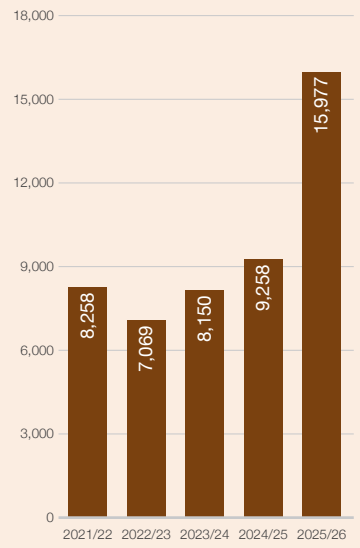
SIGNIFICANCE:

- Affirms Sierra Cables PLC's position as a leading cable manufacturer at the South Asian regional level, competing across the energy, industrial, and communication sectors simultaneously.
- Recognition in the 'Large Category' reflects the organization's manufacturing scale, capacity, and the breadth of its product portfolio.
- Demonstrates that the organization's quality systems and manufacturing standards meet regional benchmarks for excellence in the highly competitive cable manufacturing industry.

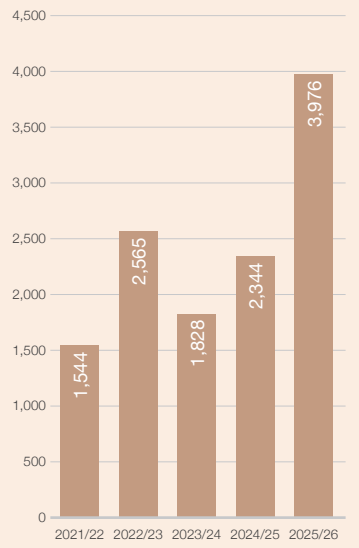
FINANCIAL HIGHLIGHTS (GROUP)

	2025/26	2024/25
	Rs.	Rs.
Profitability		
Revenue	**15,976,595,572**	9,257,863,965
Gross Profit	**3,976,011,370**	2,343,794,743
Profit from Operations	**3,080,612,411**	1,405,330,806
Profit After Tax	**2,659,658,373**	903,469,623
Assets		
Total Assets	**23,923,466,723**	13,197,112,272
Current Assets	**18,782,674,090**	9,298,482,535
Return on Assets	**11.12%**	6.86%
Investor information		
Earnings Per Share	**4.95**	1.68
Net Asset Value per Share	**16.56**	11.56
Price Earnings Ratio	**5.72**	9.34
Return on Equity	**29.87%**	14.54%
Issued and fully paid Number of Shares	**537,512,430**	537,512,430
Per Share (LKR)		
Market Value - Highest	**39.20**	18.60
Lowest	**13.70**	8.00
Last Traded	**28.30**	15.70

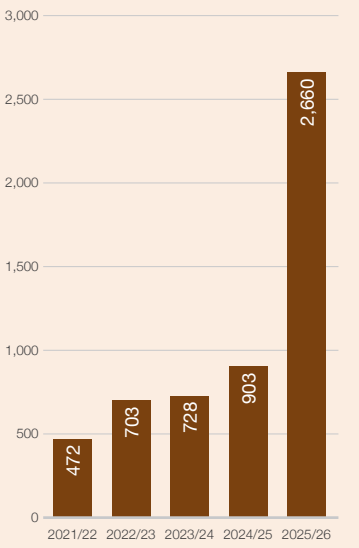
REVENUE (Rs. Mn)



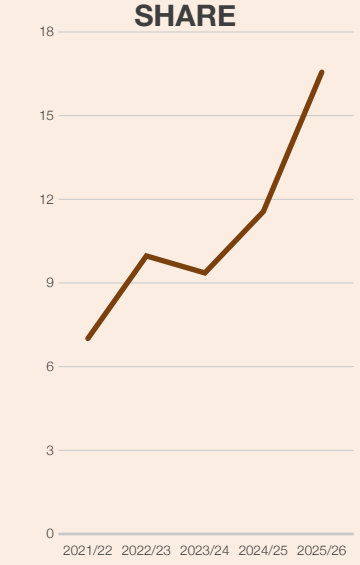
GROSS PROFIT (Rs. Mn)



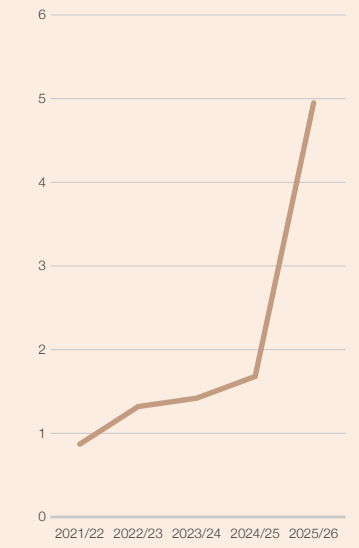
NET PROFIT (Rs. Mn)



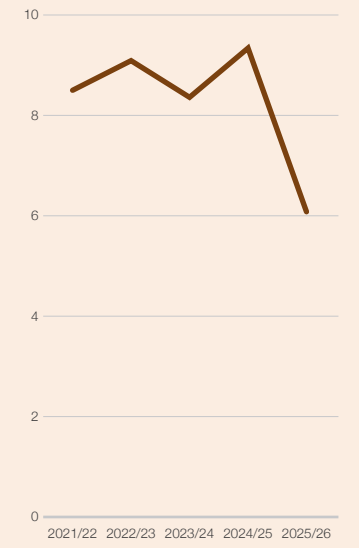
NET ASSETS PER SHARE



EPS (Rs.)



P/E RATIO



PERFORMANCE HIGHLIGHTS



Leadership Insights



CHAIRMAN'S MESSAGE



Dear esteemed stakeholder,

The year under review marked a period of financial prudence, strategic diligence and operational discipline, as the Company renewed its direction. Communicating its successes and challenges for the financial year 2025/26, I present this message with a great sense of responsibility and assure our stakeholders that Sierra Cables PLC remains steadfast in its pursuit of excellence and its position as the undisputed leader in the Sri Lankan cable manufacturing industry.

Shaped by a dynamic macroeconomic environment and fast-evolving industry trends, we continued to exercise diligence in adapting and innovating with purpose. During the financial year, we strengthened our market position and expanded our global presence. This was achieved through a focused effort to enhance financial performance and advance operational milestones, creating long-term value for our stakeholders.

MACROECONOMIC INFLUENCE

Several macroeconomic factors shaped our focus during the year under review, including persistent inflationary pressures driven by rising raw material and input costs, elevated borrowing costs, and the imperative to maintain disciplined working capital management. To curb potential supply chain delays due to unavoidable disruptions, the supply chain unit, together with the production department, took prudent measures throughout the year. Currency fluctuations remained stable in comparison to the immediate post-economic crisis. Moreover, rupee depreciation contributed to rupee gains from exports, a positive contributing factor in achieving the year's record-breaking financial results.

The team's ability to anticipate market shifts and to implement proactive strategies to mitigate any negative impacts enabled us to navigate the macro environment with confidence. Furthermore, the relative stability of the rupee against major foreign currencies, combined with favourable exchange rate movements, contributed positively to export earnings, translating dollar-denominated revenues into stronger rupee returns and partially contributing to the year's record-breaking financial performance.

OPERATIONAL AND STRATEGIC FORESIGHT

During the period under review, we maintained our focus on innovation, market expansion, and operational resilience, ensuring that the Company remains well-positioned to deliver consistent results for all stakeholders. We invested in research and development capabilities to manufacture products tailored to specific client requirements and market needs. The combination of these approaches enabled the Company to maintain resilience during the period of fiscal and monetary volatility, swiftly capitalising on strengths and market opportunities.

Our market leadership was sustained through our focus on all four business sectors (export, institutional, dealer and project markets). Our diversified business model targets these four distinct sectors, including a strong local dealer network and iconic large-scale infrastructure projects. The Ceylon Electricity Board (CEB) is one of our largest buyers of cables with various product categories produced for its island-wide energy networks, including solar PV.

The export sector is a multi-currency driver of business and earnings. The market is stringent and highly regulated, with advanced product compliance requirements. Our strong production capabilities are ideal for aligning with these requirements and have enabled us to broaden our presence in frontier markets. Moreover, we catered to state-backed institutional projects in Sri Lanka, which involved high-volume tender-based requirements that required absolute compliance with mandated SLS specifications.

The dealer market is the bedrock of our local retail presence, which drives steady, high business volumes. Our network is spread across the island through hardware suppliers, retail outlets, and specialised distributors. The Company further extends its footprint into the country's most prominent urban developments, delivering cables built to the highest fire safety and low-smoke standards to leading contractors and developers across the real estate, hospitality, and industrial zones, particularly those reshaping the nation's key commercial districts.

A REMARKABLE FINANCIAL PERFORMANCE

The Company delivered record-breaking financial results, driven by measured and deliberate financial stewardship, anchored by a rigorous focus on preserving the health and resilience of the balance sheet. This became necessary due to a period of rapid expansion and significant infrastructure upgrades aimed at supporting increased production demand and higher output volumes.

Robust demand and higher volumes were reported across all business demands, supported by stringent adherence to quality standards and product specifications, as well as strategic pricing initiatives.

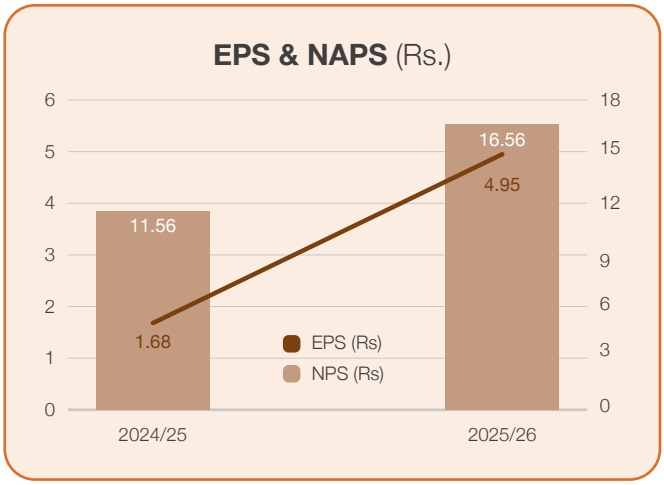
Profitability of the year under review improved significantly due to enhanced operational productivity, optimised material sourcing and optimal turnaround times. Further, streamlined manufacturing practices and strong business growth from local and export operations were key drivers behind the exceptional increase in profit after tax achieved during the year.

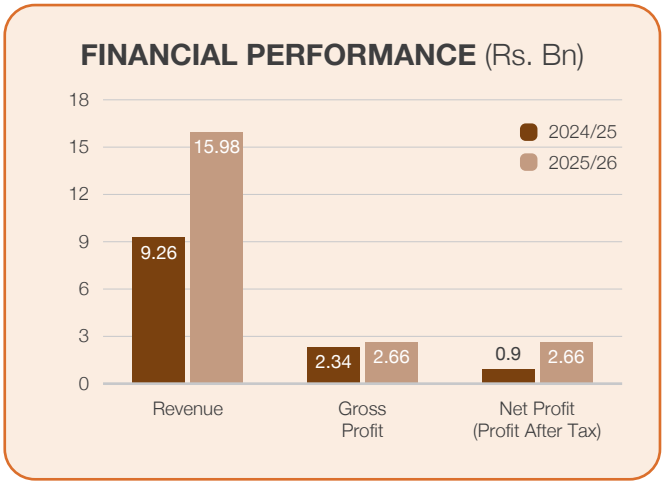
Group revenue reached Rs. 16 Bn, a 73% increase from the previously recorded revenue. Gross profit surged by 70% to Rs. 4 Bn while profit from operations showed a 119% rise to Rs. 3 Bn.

Net profit after tax surged by 194% to Rs. 2.7 Bn, up from Rs. 903 Mn reported in the previous year, an increase of Rs. 1.8 Bn, standing as an unprecedented achievement in Sierra Cables PLC's financial history.

CHAIRMAN'S MESSAGE

Earnings per share (EPS) reflected the improved profitability as they rose by 194% resulting an EPS of Rs. 4.95 in the fiscal year under review. Moreover, total group assets expanded by 81% to Rs. 24 Bn, increasing by 81% (by Rs. 10 Bn) during the year. Another remarkable financial feat that demonstrates balance sheet health and asset strength.





ENHANCED SHAREHOLDER VALUE

Creating long-term shareholder value remained a key priority during the year. Guided by this objective, we bolstered the management of financial capital and allocations geared towards sustainable and long-term value creation.

The team at Sierra Cables PLC proved their resilience and diligence by adopting a highly disciplined approach to capital management - while practicing a cautious approach to resource optimisation. Another key strategic focus was broadening the Company's presence in America, creating opportunities for sustainable growth and further strengthening its international market presence.

The management team, under the strategic leadership of its Board, has made conscious decisions to invest where it matters the most. These investments included initiatives to enhance production agility, expand export capabilities, and modernise facilities in line with advanced industry product benchmarks. These efforts have positioned Sierra Cables PLC to capitalise on new opportunities in local and global markets.

Through prudent financial stewardship and a highly rigorous focus on quality as well as production innovations, the Company has elevated its competitiveness, preparing for the next phase of robust growth.

COMMITMENT TO ACCOUNTABLE GOVERNANCE

Strong governance was upheld through the highest standards of compliance and transparency, guided by accountability and ethical business decisions by the Board and the Executive Management.

The Board, which comprises experienced professionals, ensured a balance of power, ensuring that all decisions are grounded in integrity and in safeguarding stakeholder interests. Subcommittees operated with clear mandates, ensuring strict compliance and objective evaluation of the Company's performance and financial trails.

During the year, no penalties or fines have been imposed on the Company, indicating that the Company has complied with all relevant statutory and regulatory requirements. This was supported by a robust risk management control designed to optimise risk mitigation, particularly those from the macroeconomic environment and due to sudden volatilities.

Regular audits became a safety line as internal auditing functions ensured that accounting practices and reporting remained accurate and aligned with regulatory requirements and global best practices. Moreover, the Company adopts a strong approach fostering ethical behaviour in the workplace, ensuring that staff and the community are not negatively affected.

Timely and accurate disclosures of material information have been provided to shareholders, regulators, customers and partners, thereby maintaining trust and confidence in the Company's ethical conduct and financial stability.

COMMITMENT TO ESG

The Company remained invested in minimising its ecological footprint. This was achieved through a structured approach to environmental and resource management, with a focus on balancing production requirements and environmental responsibility.

Key initiatives included compliance with environmental standards, including the ISO 14001:2015 Environmental Management System and implementation of practices to secure the prestigious 4-Star Green SL Label certification by the Green Building Council of Sri Lanka. Sierra Cables PLC is the first Sri Lankan cable

manufacturing Company to secure this accomplishment in environmental sustainability. The Company is also conscious of aligning its products with eco-friendly materials and production processes.

The Company also focused on uplifting communities while supporting employee well-being and social development, reinforcing its commitment to overall social sustainability. During 2025/26, the Company extended its support to surrounding communities through a range of initiatives, including assistance for community and social events, the provision of nutritious meals to neighbouring primary school students, donations and sponsorships to religious institutions, schools, and other community organisations, as well as relief efforts for flood-affected communities. Through these initiatives, the Company continued to invest in uplifting lives and creating meaningful and lasting social impact.

The welfare of staff was ensured through emphasis on several aspects of their well-being. Improved and reliable staff meals, medical insurance and workplace health and safety were prioritised throughout the year. Remuneration and financial incentives were provided on time, ensuring the right financial reinforcements to complement and reward the hard work of our production and operations staff. Our staff remains the asset that drives our success and has continued to uphold its commitment and loyalty to the Company's mission and financial success.

COMMITMENT TO QUALITY

Quality management at Sierra Cables PLC is a keystone that has enhanced its brand identity and customer trust. Anchored by a deep commitment to the ISO 9001:2015 Quality Management System, the standards govern each stage of our sourcing, production and final stages of production. Furthermore, the Company has secured several SLS certifications across its portfolio, including SLS 412, SLS 733, SLS 750, SLS 1143, SLS 1186, SLS 1504 and SLS 1542.

A prime example of the Company's strict compliance is seen with SLS 1542, the standard specification for electric cables for Photovoltaic (PV) solar cables. A critical requirement to follow, it has been mandated by the Public Utilities Commission of Sri Lanka and the Sri Lanka Sustainable Energy Authority (SLSEA). Moreover, the Company's product architectures are also governed by strict compliance with global protocols, enabling the Company to expand across cross-border markets.

The Company operates under a triple ISO framework, which includes ISO 9001:2015 (Quality), ISO 14001:2015 (Environmental), and ISO 45001:2018 (Occupational Health and Safety). Structurally, the Company maintains its quality standards through integrated management practices, including close collaboration and coordination among the quality, production, and procurement departments. Moreover, the Finance, Marketing, HR, Supply Chain, Quality Assurance, and IT functions also play a crucial role in the Company's integrated approach to value creation.

A CONFIDENT OUTLOOK

The Company remains committed to its mission of delivering excellence in quality and in innovating eco-friendly, industry-aligned products for various purposes and applications. But above all, we are entering an exciting phase of strategic expansions and cross-border business growth. Three key pillars will outline our focus in the coming year and in the medium term.

We aim to significantly expand our global footprint by leveraging quality and global compliance. We will pursue new export channels through targeted market entry strategies.

To meet growing demand in the domestic and international markets, the Company will allocate capital and invest in further modernisations and capacity expansions, with upgrades oriented toward improved productivity, including reduced lead times and leaner production lines.

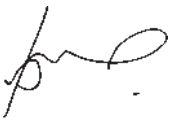
Under the guidance of the parent conglomerate, the management team will continue to explore opportunities in international markets, including new territories that remain untapped. To ensure that our strategic expansions reap the right benefits and returns, we will focus on regional risk diversification and opportunities to enhance our international brand equity.

CREDIT AND APPRECIATION

Looking back on the remarkable accomplishments of the year, I must thank the Board of Directors, Managing Director Mr. Harsha Jayatunga and the senior management at Sierra Cables PLC for their integrity and pursuit of excellence. Your collective efforts have secured a historic win for the Group. Similarly, I thank our employees for their hard work, for working alongside the management to ensure that we achieved our expansion objectives and for their commitment to high-quality standards.

I thank our valued dealer network and clientele for your trust and confidence, which have shaped our strategies and have been instrumental in expanding our presence across borders, amidst challenging conditions. Our suppliers and partners are highly regarded and appreciated for fulfilling their commitments and for working with the Company to exchange mutually beneficial value.

To our Shareholders, I extend a sincere appreciation. I have confidence that you will continue to place your trust in the Company and remain with us on a journey of sustainable growth.



Mr. Ishara Nanayakkara
Chairman

MANAGING DIRECTOR'S MESSAGE



Dear Valued Stakeholders,

The 2025/26 Annual Report outlines some of our significant achievements, while our transition to integrated reporting also mirrors our renewed optimism, as we celebrate a financial year of great tailwinds.

The financial year was defined by three crucial factors: strong financial fundamentals, an expanded global reach, and a heightened focus on sustainable value creation. Driven by a well-executed strategy, the dedication of our team and improved activity within the construction industry, the Company delivered a series of significant milestones during the FY ended on 31st March 2026.

The Financial Year brought its share of external pressures, including rising costs and tough macroeconomic conditions, in addition to intense industry competition. Nevertheless, a structured approach to management and operational efficiencies enabled us to achieve one of the most rewarding financial chapters in the company's history. Furthermore, our position as a leading manufacturer of power cables was reinforced by maintaining our A+ (lka) national rating with a stable outlook.

As a result, the Annual Report for the FY 2025/26 stands as a testament to the collective commitments of our team, who have turned challenges into opportunities and sustainable progress, making it an exceptionally rewarding experience that we are truly proud of as an organisation.

In the period under consideration, our team remained invested in ensuring the highest levels of quality and operational efficiency amidst the previously mentioned macroeconomic shifts. As a result, we have exceeded our financial objectives, while outperforming our previous highs and the broader cable industry.

Our consolidated performance underscores the resilience of our diversified business model, as both domestic and export segments contributed positively during the year. Our foreign export portfolio grew over the year, with an increase in export destinations, new customers acquired, and total product volumes shipped.

This year delivered an exceptional 359% growth in export revenue, led by strong earnings from our key regions across North America, the Indian Ocean and Africa.

During the year, our investments in expanding our production capacities elevated our operational capabilities to align with international benchmarks. We made a substantial capital expenditure during the financial year to enhance production capabilities and advance research and development capabilities. Furthermore, our state-of-the-art laboratories and advanced testing equipment are some of the first and best in the industry. Our collective capabilities have enabled us to fight intense competition where price-based strategies have not always been the only viable strategy, and our differentiations in quality, innovation and reliability will continue to anchor our path moving forward, ensuring that our competitive position remains formidable.

A cornerstone of our success and international market presence has been our passion and dedication to quality across all our product categories, particularly industrial wires and cables. We continued to uphold the superior standards of our products through meticulous adherence to international quality and safety standards, bolstered by advanced production capabilities and digital technologies that have enhanced our production capacity.

The demands of foreign markets, particularly US market regulations, have driven us to maintain the highest levels of safety, compliance and manufacturing discipline through the UL certification. As the only Sri Lankan cable manufacturer to hold the UL 44 & 854 certification, the Company undergoes regular inspections by UL, which has reaffirmed a strong commitment to world-class quality, safety and reliability. This recognition and accreditation have shaped our growth in the building-wire segment and in supplying fast-moving cables to one of the most highly demanding markets in the world.



INTRODUCTION

"Our commitment to disciplined executions of well-laid plans enabled us to deliver one of the most financially rewarding chapters in our Company's history"



OPERATIONS

Scaling New Heights – Reinforcing Quality, Expanding Capacity and Broadening Our Presence



SUPERIOR QUALITY

"As the only Sri Lankan cable manufacturer certified to UL 44 & 854, we are held to the highest standards of Safety compliance and manufacturing discipline, we embrace that responsibility with pride."

MANAGING DIRECTOR'S MESSAGE

CAPITAL EXPENDITURE

"By strengthening our production capabilities, we reinforce our promise of world-class quality to every market we serve."

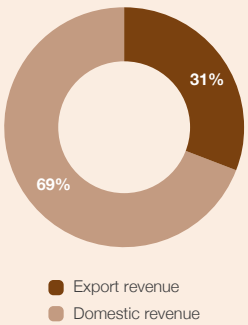
FINANCIALS

A record-breaking year, Rs. 16 Bn in revenue, Rs. 2.7 Bn in Profit After Tax, and 359% growth in export values. A testament to disciplined execution

194%

Increase in Profit After Tax

REVENUE FORMATION



The UL certification in cable assures that products are independently tested to meet severe standards in fire, electrical and environmental safety measures. This proves that Sierra Cables' products have high endurance against overheating, toxic smoke and short-circuiting, ensuring compliance for residential, commercial and industrial use.

During the year, we continued to remain actively and firmly committed to exceptional quality and safety specifications by reinforcing our commitment to local and international standards. We ensured that our processes and practices adhered to rigorously followed quality management measures by aligning with ISO 9001, ISO 14001, ISO 45001 and Sri Lanka Standards (SLS) certifications. In addition to these, we also secured alignment with a broader portfolio of globally recognised standards, such as those established in the United Kingdom (BS), Australia (AS), New Zealand (NZS), France (NFC), Japan (JIS), the United States (ASTM, UL) and the International Electrotechnical Commission (IEC).

By adhering to a broad portfolio of local and international product certifications, we continue to meet various industry benchmarks on quality and product specifications. Due to our commitment to stringent testing and product improvements, we have sustained these standards and aligned our manufacturing with industry demands, particularly from energy and telecommunications. Our products continued to secure certifications from esteemed international institutions, including TUV Singapore, the Central Power Research Institute (CPRI) in India, and the LCIE Testing Laboratory in France.

During the year, our growth momentum was also reinforced by becoming suppliers of power cables to some of Sri Lanka's most iconic infrastructure projects, particularly key urban developments that have redefined the landscape and skylines of the Central Business District.

Our strong commitment to business growth through quality, innovation and reliability has earned us tremendous economic growth. Our collective capabilities have enabled us to fight intense competition where price-based strategies have not always been the only viable strategy, and our differentiations in quality, innovation and reliability will continue to anchor our path moving forward.

Our Profit After Tax soared during the FY2025/26 to Rs 2.7 Bn, surpassing the previous PAT of Rs 903 Mn in FY2024/25. This was achieved amidst high material costs and supply disruptions due to geopolitical tension, and competitive industry pressures. This was assured by cross-border market expansions, which have driven revenue upward, and through prudent financial management, through cost control and pricing strategies.

During the period, the Group delivered its strongest financial performance in history. Revenue reached Rs. 16 Bn as export operations achieved Rs 5 Bn in revenue, driven by dollar-denominated sales that substantially exceeded our annual targets. Moreover, domestic sales grew by 35%, recording Rs. 11 Bn, fuelled by our dealer network and project-based business.

Export-oriented growth enabled us to diversify revenue and reduce dependence on the domestic demand, while prudent supply chain and production planning, as well as cost controls have supported scalability and optimised production capabilities. Further, 100% unit checks in quality have enabled us to reduce returns and downstream supply chain disruptions.

Prudent financial management was a catalyst for enhanced performance during the year. Backward integration and disciplined procurement were major drivers of profit growth. Global material sourcing under strict quality control measures has enabled us to meet stringent market specifications and internal controls, reducing dependence on fluctuating supplier quality. Additionally, in-house testing and raw material validations, external validations, advanced manufacturing and automated quality checks have further enhanced efficiencies,

enabling us to protect margins despite volatile global metal prices.

At Sierra, we have adopted a forward-looking and sustainable business strategy, which not only endorses economic growth but also champions a sustainable, forward-looking focus on benefiting people and the environment. This three-pronged approach to sustainability has driven us to balance our obligations to the environment and society with sustainable economic progress.

In the year under review, we achieved a historical milestone by becoming the only cable manufacturing company in Sri Lanka to hold the highly benchmarked 4-star Green SL certification awarded by the Green Building Council of Sri Lanka. This feat has demonstrated our focus on sustainability, with our steps and actions creating positive effects on the environment and the community in which we conduct operations.

Furthermore, we became the recipients of a Bronze Award in the Metal, Non-Ferrous, Machinery, Electronic, Electrical Goods, and Equipment-related industries category at the Presidential Environmental Awards (2025). The award is a testament to our commitment to environmental sustainability and a recognition of our contributions to protecting the environment.

As an eco-friendly manufacturer of wires and cables, we strive to minimise our environmental footprint by managing our actions. This has enabled us to beautifully blend our business objectives while conserving energy, preserving the natural resources around our production facility, and to preserve environmental integrity. As a result of deliberate, carefully implemented strategies, Sierra Cables has maintained compliance with the ISO 14001 International Environmental Management Systems (EMS) standard, which stands as the best exemplification of our commitment to sustainability and underscores the success of our green actions. This has also provided us with a systematic approach to implementing and maintaining sustainable practices across the Company.

So far, our commitment to environmental sustainability has resulted in the planting of hundreds of trees within our production facility, while setting the required processes to manage waste responsibly and pragmatically. Moreover, practices such as enhanced renewable energy generation and monitoring of energy consumption have enabled us to curb our carbon footprint in addition to the prudent use of recycled materials, and have collectively enhanced our approach to environmental sustainability.

Remaining committed to our civic duty and corporate citizenship, we have also initiated several projects to share the economic gains of our business success. Creating shared value for fellow Sri Lankans goes beyond corporate responsibility; it is central to our commitment to national social progress and the Sustainable Development Goals.

Empowering individuals and entire communities, we have undertaken both continuing and one-off social development initiatives. During the financial year, we remained deeply committed to the well-being of our surrounding communities, creating employment opportunities, supporting religious institutions through renovations and event donations, improving neighbouring schools through infrastructure and supplies, supporting school sports initiatives, constructing bus halts, and extending sponsorships to local institutions.

Reinforced by the performance of the year under review, we will build the momentum of the upcoming financial year towards another financially robust performance. We anticipate further acceleration in earnings through increased exports to foreign markets, supported by our strategy to deepen our presence in key markets, including North America, Europe, and Asia, while actively pursuing new geographies to broaden our global footprint. Expanding our global capabilities will also include establishing a PVC pipe manufacturing plant in Zambia, which will be vital to capitalising on the region's demand and rising infrastructure development projects.



SUSTAINABLE GROWTH

"We became the first and only cable manufacturing company in Sri Lanka to be awarded the 4 start Green SL Certification by the Green Building Council of Sri Lanka – a milestone that reflects years of deliberate, principled environmental commitment."

"As a result of deliberate, carefully implemented strategies, Sierra Cables has maintained compliance with **ISO 14001 International Environment Management Systems (EMS) standard** – the best exemplification of our commitment to sustainability…."

MANAGING DIRECTOR'S REVIEW

As the local market reaches a level of high maturity, we will continue to push for cross-border regional growth. This will be essential to sustaining financial robustness and expanding our global presence as a trusted supplier of copper and aluminium wires and cable products.

Remaining attuned to market regulations and industry trends, we anticipate the sector to be shaped by digitalisation, trade pressures and raw material price volatility. We anticipate a global rise in the demand for industrial metallic and optical cables, pushed by increasing urbanisation, industrialisation and renewable energy expansion. Moreover, the rise in data centres and technology-centred infrastructure will continue to fuel the growth of cable consumption in the next few years. In response to shifting global demands and volatile trends, we will heighten our financial allocations towards more focused research and development activities geared towards product diversification and value additions to meet the tough demands of export markets.

Locally, we anticipate a surge in the demand for building and industrial cable products, as more and more infrastructure projects and construction move beyond groundwork. Additionally, we will enhance partnerships with our local dealers and partners, who are crucial stakeholders in our growth. The industry will likely experience some pressures from tariff-driven shifts and supply chain disruptions in the upcoming financial period.

While we anticipate volatile global supply chain flows, our focus will be on bolstering export competitiveness. At the same time, we will direct efforts to build resilience against raw material and price volatility by maintaining disciplined procurement and pragmatic supply chain decisions. As global and local demand rises, we are well-positioned to leverage the growth in booming industries, while remaining ahead of regulatory changes that influence pricing, sourcing and market accessibility.

My deep gratitude goes to the Chairman of our parent conglomerate and the Board of Directors for providing strategic leadership and guidance through invaluable counsel during this transformative period.

I share my deep appreciation for the entire Sierra team, including the Senior Management, for their dedication and resilience, their commitment that has been vital in achieving the year's goals and in sustaining operational excellence. Collectively, the team was instrumental in strengthening our dominant industry position.

I express my sincere gratitude to individual dealers and distributors and supply chain stakeholders for maintaining a strong connection with Sierra, and for enabling business growth. Your efforts have been a significant aspect of our market leadership.

Finally, I thank our customers and shareholders for sharing in our achievements in recent years. As we enter the upcoming financial year with confidence, our ambitions and determination have grown. We remain focused on maintaining the existing momentum and further expanding our presence, while creating lasting value for all stakeholders.



Mr. Harsha Jayatunga
Managing Director



FORWARD

The best chapters of Sierra Cables are not behind us; they are ahead, written by the ambitions we carry into every new market we enter.



DEEP GRATITUDE TO ALL OUR STAKEHOLDERS

"The team was instrumental in strengthening our dominant industry position."

BOARD OF DIRECTORS



Mr. Ishara Nanayakkara
Non-Executive Chairman



Mr. Panduka Weerasingha
Executive Deputy Chairman



Mr. Harsha Jayatunga
Managing Director



Mr. Shamendra Panditha
Executive Director



Mrs. Sunjeevani Kotakadeniya
Non-Executive Director



Mr. Kamantha Amarasekara
Non-Executive Director



Mr. Gunendra Jayasena
Non-Executive Director



Mr. Buwanekabahu Perera
Independent Non-Executive Director



Mr. Sarath Jayasuriya
Independent Non-Executive Director



Prof. Indika Perera
Independent Non-Executive Director

BOARD OF DIRECTOR'S PROFILES

1 Mr. Ishara Nanayakkara

Non-Executive Chairman

Mr. Ishara Chinthaka Nanayakkara was appointed Chairman of Sierra Cables PLC in May 2025. He is the Executive Chairman of LOLC Holdings PLC, one of Sri Lanka's largest diversified conglomerates with operations spanning 27 countries across South and South East Asia, Central Asia, Africa and Australia.

With over three decades of corporate leadership experience, Mr. Nanayakkara has played a pivotal role in the growth and international expansion of the LOLC Group. Under his leadership, the Group has established a diversified presence across financial services, leisure, agriculture and plantations, construction, manufacturing and trading, digital platforms, advanced technology, and mining, with total assets exceeding USD 7.5 Bn.

Mr. Nanayakkara holds several senior leadership positions within the LOLC Group and its subsidiaries, including Chairman of Browns Investments PLC and Brown & Company PLC and has held the positions of Deputy Chairman of Seylan Bank PLC, and Chairman/Chancellor of the Sri Lanka Institute of Nanotechnology. He is an Honorary Fellow of the Institute of Chartered Professional Managers of Sri Lanka.

As Chairman of Sierra Cables PLC, he provides strategic direction to the Company's growth and internationalisation initiatives. During his tenure, Sierra Cables further strengthened its position in international markets, achieving UL 44 certification and becoming the only Sri Lankan cable manufacturer authorised to supply thermoset-insulated building wires and cables to the United States market.

Mr. Nanayakkara is widely recognised for his contributions to business leadership, innovation, and enterprise development. He was the recipient of the Asia Pacific Entrepreneurship Award for Young Entrepreneur of the Year in 2012. He also continues to support a range of social development initiatives focused on education and community empowerment through programmes undertaken by the LOLC Group.

2 Mr. Panduka Weerasingha

Executive Deputy Chairman

Joining the LOLC Group in 2018, Mr. Panduka Weerasingha currently holds several key management positions and serves on multiple boards in the group. He is the CEO of Browns Investments PLC, CEO/Executive Director of Iconic Trust (Pvt) Ltd, Executive Deputy Chairman of Sierra Cables PLC and director of Sansun Boutique Hotels Ltd and Browns Developments Ltd.

He is also a Director of LOLC Geo Technologies (Pvt) Ltd, Browns Teas (Pvt) Ltd, BG Air Services (Pvt) Ltd, Browns Metal & Sands (Pvt) Ltd, Browns Properties (Pvt) Ltd, Browns Manufacturing Limited, Zambia and SAEMS Mule Ltd.

Mr. Weerasingha counts over 29 years of management experience of which 16 years has been in the capacity of a Director/Chief Executive Officer. He possesses expertise in turning around loss making/mismanaged entities to profitable ventures in Manufacturing, Construction, Investor/ Shareholder Relations, identifying and acquiring most profitable investment opportunities, Real Estate Management, Channel Management, Project Management and People Development, backed up with excellence in performance and achievements.

Before joining the LOLC Group, Mr. Weerasingha has held key leadership positions in leading groups/companies such as Singer (Sri Lanka) PLC, Brown & Company PLC, Associated Battery Manufacturers (Pvt) Ltd, BASF Lanka (Pvt) Ltd, Ceyoka (Pvt) Ltd and International Construction Consortium (ICC). In addition to the above, he has also been providing consultancy services to the mercantile sector.

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

3 Mr. Harsha Jayatunga

Managing Director

Mr. Harsha Jayatunga is an accomplished corporate executive with over 20 years of diversified experience across finance, international marketing, operations, taxation, supply chain management, project management, and manufacturing. He currently serves as the Managing Director of Sierra Cables PLC, Sri Lanka's leading cable manufacturer and a strategic entity within the global LOLC Group.

Since joining Sierra Cables in 2019 as Deputy CEO and being appointed CEO in July 2020, Mr. Jayatunga has led the company through a phase of significant transformation and growth. Under his leadership, the company has achieved consistent improvements across key financial metrics and strengthened its market leadership both locally and internationally.

He has played a pivotal role in expanding Sierra Cables' global footprint, positioning the company as a prominent exporter in the electrical manufacturing sector. The company now exports to key international markets including the United States, Europe, Africa, the Pacific region, and the Maldives.

In addition to his role at Sierra Cables PLC, Mr. Jayatunga serves on the board of Cables PTE Limited – Fiji and Browns Manufacturing Limited - Zambia, supporting the company's strategic joint ventures and overseas operations.

Prior to joining Sierra Cables, he held senior leadership roles at Sierra Holdings, Bharti Airtel Lanka, Sierra Construction, and the Shapoorji Pallonji Lanka JV. He began his professional career at Hatton National Bank PLC.

Mr. Jayatunga holds an MBA and was awarded the Gold Medal for Tax Planning and Management, as well as a BBA (Special in Financial Management) from the University of Colombo. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA), the Chartered Institute of Management Accountants (UK) (FCMA), and the Chartered Global Management Accountants (USA) (CGMA), and an Associate Member of CPA Australia.

An alumnus of Ananda College, Colombo, Mr. Jayatunga also contributes to national and international trade initiatives as a Council Member of the National Chamber of Exporters (NCE), and as a member of the Sri Lanka–USA Business Council, Council for Business with Britain, Sri Lanka–Maldives Business Council and European Chamber of Commerce.

4 Mr. Shamendra Panditha

Executive Director

Mr. D. S. Panditha serves as an Executive Director and is a founding member of Sierra Cables PLC, bringing over five decades of extensive experience in the cable and pipe industry.

He holds membership with the Institute of Incorporated Engineers, is a Life Member of the Sri Lanka Institute of Marketing, and a Fellow Member of the Chartered Institute of Professional Managers.

In addition to his responsibilities at Sierra Cables PLC, Mr. Panditha serves as Chairman of Cables PTE Limited, Fiji, and T & G Lanka (Pvt) Limited, a Norwegian partnership operating a manufacturing facility within the Free Trade Zone, Katunayake.

BOARD OF DIRECTOR'S PROFILES

5 Mrs. Sunjeevani Kotakadeniya

Non-Executive Director

Mrs. Sunjeevani Kotakadeniya was appointed to the Board of Sierra Cables PLC on 11th February 2022. She is a distinguished finance professional with over three decades of senior leadership experience across diverse sectors,including banking & financial services (finance companies, factoring stock broking), insurance,fund management, manufacturing, hospitality, construction, renewable energy, agriculture & plantation and IT. She has extensive experience in strategy development, mergers and acquisitions, investment portfolio management, project management, IT and administration disciplines. Sunjeevani is a catalyst in business restructuring and process re-engineering driven change management leading several initiatives throughout her career .

She served as the Chief Financial Officer of the LOLC Group, overseeing the Group's local and international businesses' finance functions from January 2005 to June 2025 .

Her professional qualifications include; FCMA (UK), CGMA (USA),MBA [University of Colombo]

Mrs Kotakadeniya also serves in the following Boards of the Group:

LOLC General Insurance PLC, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Maturata Plantations Ltd, Browns Metal & Sands (Pvt) Ltd, Serendib Microinsurance PLC – Cambodia, NPH Investments Pvt Ltd - Maldives

6 Mr. Kamantha Amarasekara

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.

In addition to his directorship in this company, his other key appointments are; Eden Hotel Lanka PLC, Palm Garden Hotels PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Udapussellawa Plantations PLC, Hapugastenne Plantations PLC, and several other subsidiaries of Browns Investments Group.

7 Mr. Gunendra Jayasena

Non-Executive Director

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 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.

8 Mr. Buwanekabahu 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.

He currently serves as an Independent Non-Executive Director of Cargills Bank PLC. His tenure as the Chief Executive Officer / Secretary General of the Ceylon Chamber of Commerce concluded on 07th May 2026.

BOARD OF DIRECTOR'S PROFILES

9 Mr. Sarath Jayasuriya

Independent Non-Executive Director

Mr. Sarath Jayasuriya was appointed as an Independent, Non-Executive Director of Sierra Cables PLC in December 2024. He serves as Chairman of the Board Nominations & Governance Committee and as a member of the Board Audit Committee.

A Fellow Member of the Chartered Institute of Management Accountants (FCMA – UK), he is also an Associate Member of the Institute of Bankers of Sri Lanka (AIB) and a Member of the Chartered Global Management Accountants (CGMA – UK). He holds a Bachelor of Science degree (B.Sc.) from the University of Sri Jayewardenepura.

He was appointed as an Independent, Non-Executive Director of CBC Finance in December 2017, where he serves as Senior Director. In this capacity, he chairs the Board Audit Committee, Board Nomination & Governance Committee, Board HR & Remuneration Committee, and Board Investment Committee, in addition to serving as a member of several other Board sub-committees, including the Board Risk Management Committee, Board Credit Committee, and Board Related Party Transaction Review Committee.

Mr. Jayasuriya brings over 30 years of experience in banking, with specialization in Treasury Management, Investment Banking, International Banking, and Finance & Planning. He retired from the Bank of Ceylon as Deputy General Manager (International, Treasury & Investment Banking), having previously served as Deputy General Manager (Finance & Planning).

He has served as a Director of Ceybank Asset Management Ltd, Property Development Ltd (PDL), MBSL Insurance Co., and Transnational Lanka Records Solutions (Pvt) Ltd, and as an Alternate Director of the Credit Information Bureau of Sri Lanka (CRIB) and Property Development Management Ltd.

He was appointed as an Independent, Non-Executive Director of Agstar PLC in January 2025, where he serves as Chairman of the Board Audit Committee and the Board Related Party Transaction Review Committee.

10 Prof. Indika Perera

Independent Non-Executive Director

Professor Indika Perera is a Professor in the Department of Computer Science and Engineering (CSE), Faculty of Engineering, University of Moratuwa. Dept. of CSE is the premier computer and IT education provider in Sri Lanka, where its Bachelor's degree (BSc Engineering) and MSc in CS are highly sought-after programs in the country. Prof. Perera was the Head of the Department of CSE from 2020 to 2023 and was instrumental in developing its present curriculum, introducing new streams with the latest trends in AI, data science and cybersecurity. He led the expansion of the department and increased its student intake (both UG and PG), making the department one of the leading entities in the University of Moratuwa.

Prof Perera obtained his PhD from the University of St Andrews, Scotland, UK. His research expertise is in enterprise systems architecture, AI and business intelligence, decision support and augmented analytics, technology-enhanced learning, and User Experience. He has over 20 years of industry, R&D, and academic experience. He is a Chartered Engineer registered in both the Engineering Council UK and the Engineering Council SL; He is a Senior member of IEEE and a member of CSSL. Prof. Perera was the recipient of the CVCD Young Researcher for Engineering in 2018, the most prestigious research award in Sri Lankan Universities.

Prof Perera has played a pivotal role in setting up the Engineering Faculty of the University of Sri Jayewardenepura and the University of Colombo (in progress), where he was the lead consultant for Computer Engineering curriculum development. He is a regular reviewer for the Ministry of Higher Education for Non-state degree program evaluations. Prof Perera is a regular consultant for large-scale business process re-engineering projects and e-governance projects of the Sri Lankan Govt. Prof Perera, at present, actively contributes to the progression and development of corporations, universities and government institutions, sharing his expertise.

Strategic Context and Value Creation



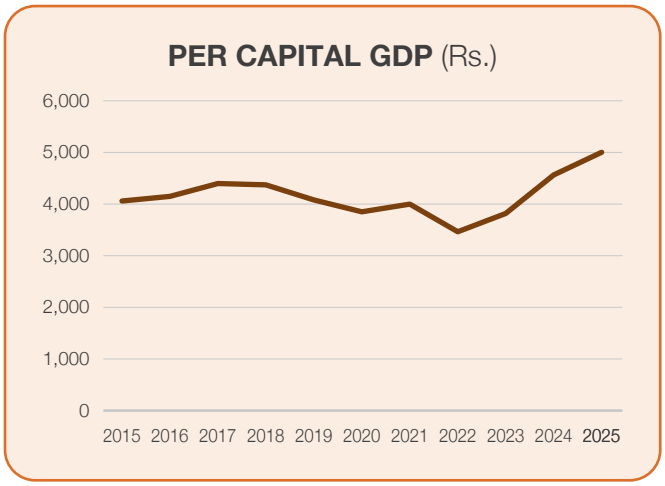
THE MACRO ECONOMY AND INDUSTRY CONTEXT

ECONOMIC GROWTH AND OUTPUT

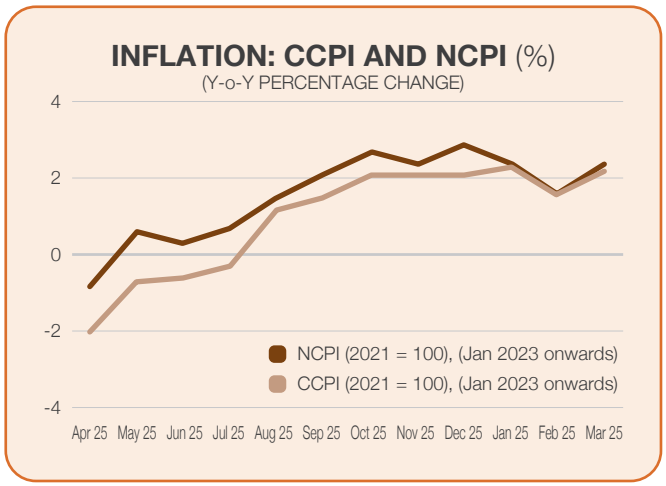
The Sri Lankan economy turned robust in the period under consideration. We continued to see a positive growth in each quarter of 2025/26. Annual GDP in the past two calendar years have been stable at 5%, which has been achieved after two years of negative growth. This broad-based economic expansion was supported by positive activities and growth in the industry, services and agricultural economic sectors.



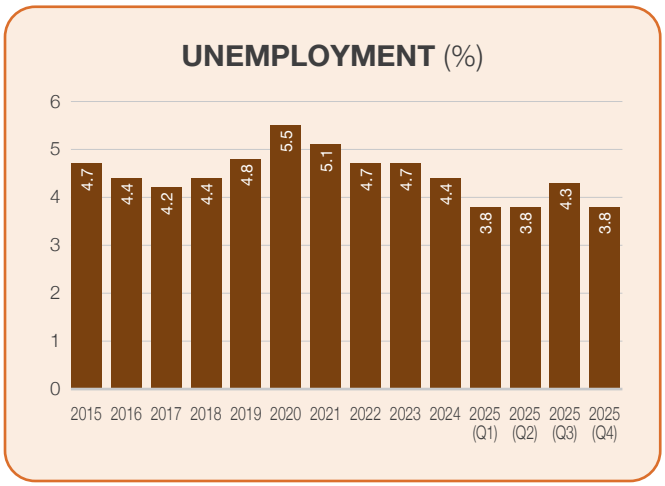
Source: Department of Census and Statistics (2026), Real GDP growth data, cited in Central Bank of Sri Lanka (2026), Macroeconomic Developments in Charts – Q1 2026



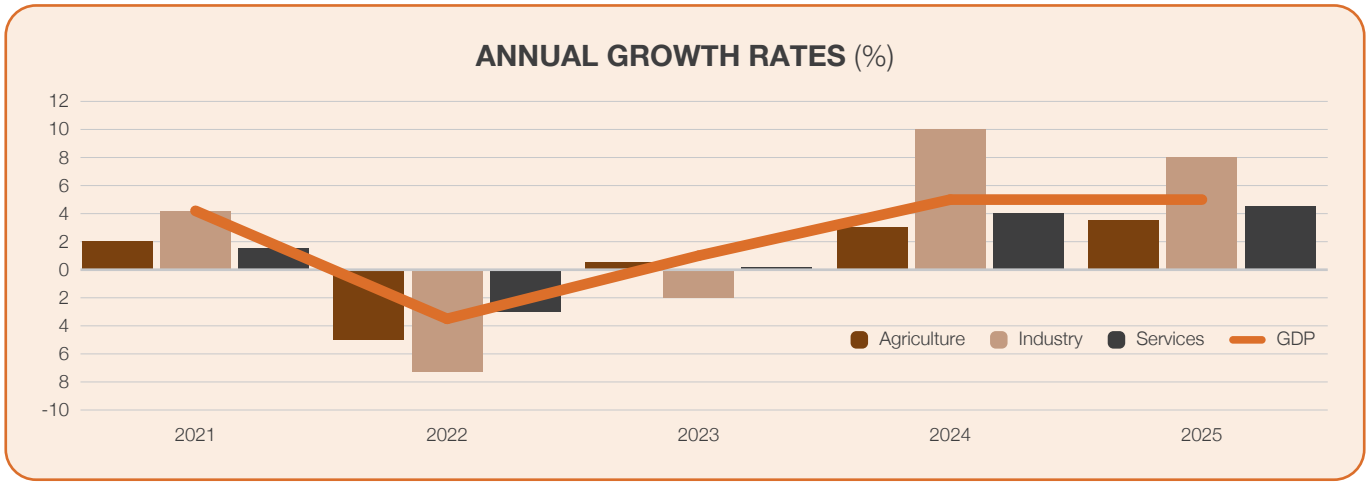
Source: Department of Census and Statistics (2026), Per Capital GDP data, cited in Central Bank of Sri Lanka (2026), Macroeconomic Developments in Charts – Q1 2026



Source: Central Bank of Sri Lanka, Measures of Consumer Price Inflation



Source: Department of Census and Statistics (2026), Unemployment data, cited in Central Bank of Sri Lanka (2026), Macroeconomic Developments in Charts – Q1 2026



Source: Central Bank of Sri Lanka, Annual Economic Review 2025





7.8% Growth in Industry

3.3% Growth in Services

1.4% Growth in Agriculture

(Source: Department of Census and Statistics, Cited in the CBSL Annual Economic Review, 2025)

Corresponding with this growth, the country's per capita GDP has risen to USD 5,003 in 2025 from USD 4,546 in 2024, indicating improved capacity for household spending. However, the higher cost of living remained a concern throughout the period and likely dampened non-essential spending.

The **Industry growth** boded well for the Company, as improved construction activity, manufacturing expansion and infrastructure projects are tied with better product demand.

GDP growth has boosted private-sector construction, expansion in utility consumption and provision of State spending on infrastructure. All these in turn had a positive impact on demand for power cables, telecom cables and industrial wiring.

Higher per-capita income boosts residential construction and renovations, boosting demand for products. Moreover, these improvements boost investment confidence, supporting B2B cable sales.

INFLATION AND CREDIT

After a period of deflation, inflation turned to positive territory in August 2025, primarily from costs related to energy and food prices. The Middle Eastern war and geopolitical tensions are expected to drive inflation in 2026, particularly from escalating energy prices.

- Headline inflation (CCPI, annual average) was -0.5% in 2025 compared to 1.2% in 2024.
- Private sector credit (by commercial banks) grew (y-o-y) by 25.2%, up from 10.7% in 2024. Credit surpassed Rs. 2000 Bn, compared to just Rs. 790 Bn in 2024.
  Source: Central Bank of Sri Lanka

Strong credit growth is a boost for loans obtained by construction, manufacturing and infrastructure project owners. This enabled contractors and developers to have better liquidity through financing.

MONETARY POLICY AND INTEREST RATES

In 2025, the financial regulatory authority (Central Bank of Sri Lanka) maintained an accommodative monetary policy stance. The following outlines the main policy rates impacting the economy and monetary environment.

OPR: reduced from

8.00% to 7.75%

SDFR:

7.50% → 7.25%

SLFR:

8.50% → 8.25%

Source: CBSL, Annual Economic Review (2025)

According to the CBSL Annual Economic Review (2025) market interest rates showed a downward trend, with the monthly Average Weighted Prime Lending Rate reducing from 8.92% to 8.87% alongside a decline in the deposit rates. Similarly, the AWLR and AWDR registered declines to 11.48% and 6.78%, respectively.

Lower interest rate environment reduced working capital financing costs. This had a positive impact on improved margins alongside higher sales volumes.

EXTERNAL SECTOR DEVELOPMENTS

The external sector experienced several robust trends, despite an increase in the trade deficit, which rose to USD 7.9 Bn in 2025 from USD 6.1 Bn in 2024. Merchandise exports increased to USD 13.6 Bn, while merchandise imports also increased to USD 21.5 Bn. The latter increased primarily by the rise in motor vehicle imports of USD 2 Bn during 2025.

THE MACRO ECONOMY AND INDUSTRY CONTEXT

Category	2025 (a) Value (USD Mn)	2024 Value (USD Mn)	Growth (%)
Exports	**13,581.4**	12,772.0	6.3
Industrial	**10,460.8**	9,946.9	5.2
Agricultural	**3,072.0**	2,774.5	10.7
Mineral	**24.2**	24.5	(1.4)
Unclassified	**24.4**	26.1	-6.7

(a) Provisional data

Source: Sri Lanka Customs, Petroleum Exporters and Importers, National Gem and Jewellery Authority and the Central Bank of Sri Lanka (cited in the CBSL Annual Economic Review (2025)

The current account recorded a surplus for the third successive year and showed a surplus of USD 1.7 Bn, this can be partially attributed to the rise in workers' remittances and a positive trend in service exports.

Tourism remained a bright indicator as arrivals increased to 2.36 million, exemplifying the post-pandemic recovery of the industry. This, in turn, had a partial role in improving the country's external reserves, alongside remittances, which rose to USD 8.1 Bn. Ultimately, gross official reserves showed a balance of USD 6.8 Bn by the end of 2025.

The Sri Lankan Rupee depreciated by 5.6% in 2025, contrasting the 10.7% appreciation shown in 2025.

Due to stable reserves, the foreign exchange volatility remained stable for the most part, which had a positive impact on payment plans for imports. Moreover, the growth in tourism and higher remittances positively influenced construction activities, which had a positive consequence on product demand. However, the rupee depreciation had some impact on raising the rupee value of material imports, such as Copper, Aluminium, PVC, and machinery. This was offset through price adjustments.

FISCAL PERFORMANCE

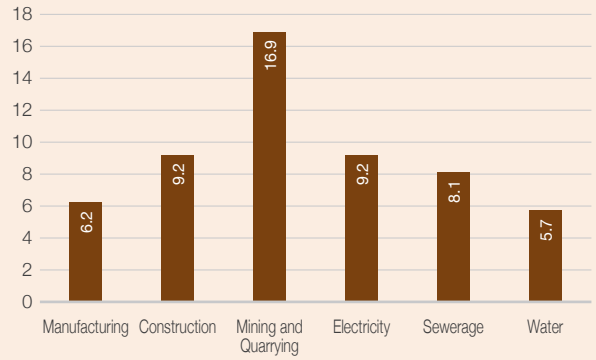
The country's stronger fiscal performance contributed to a stronger macro environment. Government revenue rose from 13.6% to 16.7% of GDP, allowing the state to fund development projects. The budget deficit narrowed from 6.8% to 2.3% of the GDP. Moreover, primary surplus rose from 2.2% to 5.4% of GDP. Moreover, debt levels have also declined slightly as a percentage of the GDP.

The stronger fiscal performance creates a stable and supportive operating environment, and provides room for the Government to fund infrastructure and development projects, which increases demand for our products, including power cables, telecom cables and industrial wiring. Moreover, these developments translate into a more predictable and investment-supportive environment to support steady demand for the Company.

REVIEW OF SECTORS RELATED TO THE COMPANY

The Company provides products to several industries, with the most prominent sectors being telecommunications, power and energy, construction, and manufacturing. The following provides a summary of how these industries have performed in 2025.

INDUSTRY ACTIVITIES GROWTH (%)



Source: Central Bank of Sri Lanka, Annual Economic Review 2025

Growth in economic activities (based on DCS statistics, cited in the CBSL Annual Economic Review), positive trends in all industries related to the Company, as demonstrated in the above graph; moreover, there was also a 3.1% growth in telecommunication in 2025.

POWER

Electricity demand rose during 2025 due to improved economic activity. Mirroring the demand, sales had also increased, marking an annual growth of 5.8% in 2025. However, demand has dropped in the last part of the year due to Cyclone Ditwah. Solar power generation has also expanded as rooftop generation nearly doubled.

The Sri Lanka Electricity Act no. 14 of 2025 (amendment) was enacted during the period, and the CEB was restructured to operate within four state-owned entities responsible for generation, transmission, distribution and system operations. Further, two additional entities were established to undertake residual functions and assets of CEB, and in March 2026, the Cabinet also approved the National Electricity Policy, which provides a broader framework for industry transition.

The CEB also implemented infrastructure development projects to expand services. These are:

- Hydro power plant at Moragalla
- Sahasdhanavi combined cycle plant
- Siyambalanduwa solar power plant
- Mullikulam wind power plant
- Phase-I extension of Mannar wind power plant
- Funding secured for a renewable energy control centre at the national system control centre and a 100 MW Batter Energy Storage System at Kolonnawa.
  Source: Central Bank of Sri Lanka, Annual Economic Review 2025

CONSTRUCTION/INFRASTRUCTURE AND MANUFACTURING

Construction and manufacturing activities made considerable headway in supporting the overall economic growth in 2025.

Construction activities expanded during the year, with more projects being expedited and the resumption of previously suspended developments. The growth was also due to better investment and development activities in the country.

Credit to the construction sector has grown by 18.9%, underscoring an uptick in activities. Similarly, credit expansions were also seen in other industrial sectors, such as basic metal products and fabricated metal products, machinery and transport equipment.

GLOBAL CONTEXT

In the period under review, the demand for cables has seen a global increase, with export opportunities emerging to countries such as the USA. Moreover, global infrastructure and renewable energy growth were directly linked to this increased demand.

Global urbanisation and the increase in urban population continue to power the need for reliable wire and cable products. India is an example where population growth has driven demand for energy and power generation. However, geopolitical tensions have likely compelled manufacturers to reduce dependence on imported wire and cable.

Globally, safety regulations have propelled manufacturers to enhance standards to ensure that products can protect against fires and safeguard infrastructure. This requires products to be stringently tested and produced to be high in fire resistance, with reduced smoke emission.

Environmental protection has pushed producers to adopt eco-friendly insulation material with low carbon emissions, which has paved the way for advanced wiring products. Increased electric vehicle sales have also pushed demand for charging stations, further increasing opportunities for power cables.

Source: Global Market Insights. Wire and Cable Market Size and Share (2025-2034)

OUTLOOK

According to the Central Bank of Sri Lanka's Annual Economic Review 2025, the global supply chain disruptions surrounding petroleum products due to the tensions in the Middle East will pose certain concerns for the country's energy security. A prolonged war could push sectors, such as power generation and manufacturing, to face disruptions in energy supplies and higher prices.

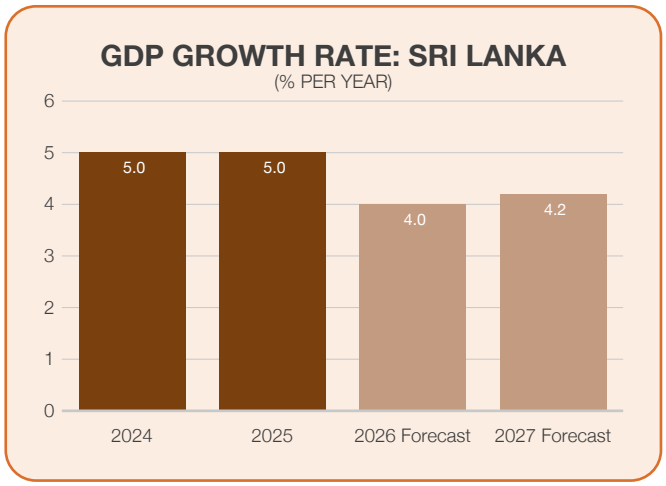
Sri Lanka's Carbon Net Zero 2050 Roadmap and Strategic Plan has been supported by the growth in non-conventional renewable energy sources, and this revival will provide some respite to the energy security concerns and reduce the country's exposure to sudden shocks.

The country's GDP is expected to settle around 3.6%-4% in 2026 according to various institutional projections, and headline inflation will accelerate toward 5% target amidst rising energy prices and import costs, as per CBSL expectations.

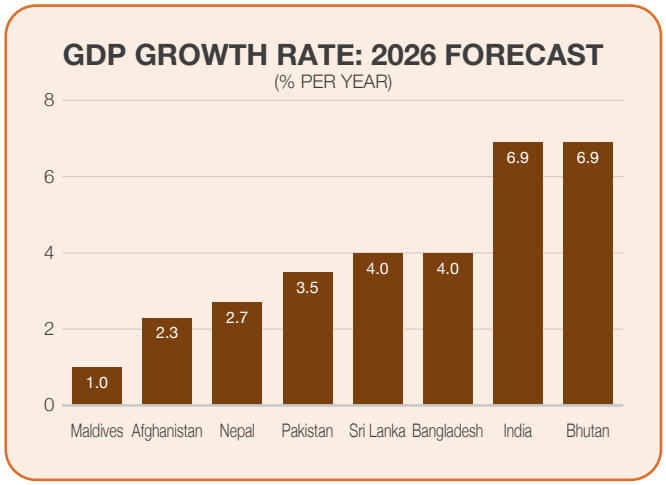
Despite the destruction caused by Cyclone Ditwah, the economy remains capable of achieving further stability under a low inflation, low-interest rate environment, supported by the ongoing structural reforms and better governance by policymakers and country leadership.

According to the Central Bank of Sri Lanka's Annual Economic Review 2025, growth could be tainted by the disruptions from geopolitical tensions, adverse global trade decisions and environmental risks, all of which make our island nation's economy vulnerable. Nevertheless, growth in the three primary economic sectors is expected to be positive amidst the aforementioned uncertainties.

Moreover, continuation of infrastructure development initiatives could feel impacts from international tensions in the form of higher costs, including shipping charges, supply chain disruptions and weaker external demand. For the power and energy sector, expected developments include grid expansions, renewable energy integrations and the new policy framework for electricity. These are expected to sustain demand in transmission and distribution (Central Bank of Sri Lanka, Annual Economic Review 2025).



Source: Asian Development Bank 2026. Asian Development Outlook April 2026.



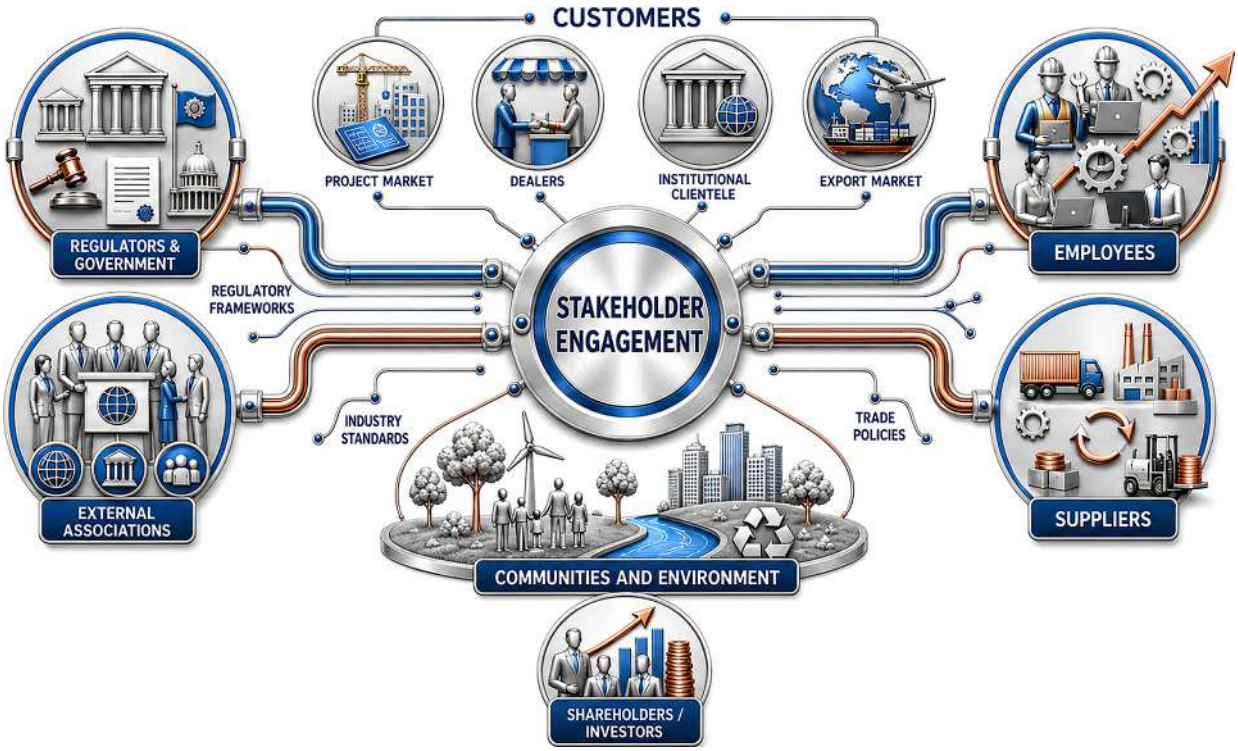
Source: Asian Development Bank 2026. Asian Development Outlook April 2026.

To maintain the somewhat relative stability enjoyed in the past two years, the country will need to safeguard its fiscal and external buffers and adopt sustained discipline in structural reforms and policy discipline. According to the CBSL Review, such preserved buffers have supported the impacts from shocks such as the Ditwah Cyclone and the Middle Eastern conflict.

OUR STAKEHOLDERS AND INTERACTIONS

At Sierra Cables, we recognise the importance of understanding and working alongside our stakeholders. Identifying our internal and external stakeholders has enabled us to approach each group with a unique set of value creation strategies.

MAJOR STAKEHOLDER GROUPS



Our approach to value creation is based on ongoing communication with stakeholders. By maintaining constant dialogue where possible, our goal is to enhance our relationship with our stakeholders and develop relationships based on transparency and mutual growth and success.

Across the year, we conducted multiple approaches to stakeholder engagement, and through these approaches, we have been able to understand their needs and expectations and subsequently make them part of our overall approach to value creation.

STAKEHOLDER ENGAGEMENT PROCESS



Stakeholder Identification

Establish stakeholders across the Sierra Cables PLC value chain

Develop Suitable Stakeholder Communication Strategies

Determine stakeholder engagement methodologies based on Power / Interest Matrix

Stakeholder Analysis and Mapping

Prioritise stakeholders based on Power / Interest Matrix

Review Feedback and Strengthen

Review stakeholder feedback and strengthen engagement methodologies

OUR STAKEHOLDERS AND INTERACTIONS

OUR INTERACTIONS WITH STAKEHOLDERS

Investors & Shareholders	**Engagement Level: High Engagement**
Objective for engagement	**Key engagement channels and activities**
To provide timely and relevant information to existing/ potential investors	⊙ Annual Report ⊙ Annual General Meeting (AGM) ⊙ Quarterly/periodic financial disclosures ⊙ Press releases ⊙ Corporate website and investor relations portal
Expectations	**Our Approach**
⊙ Appreciation of the share value	⊙ Maintain strong financial discipline and sustainable profitability ⊙ Transparent and timely communication of financial performance ⊙ Prudent capital allocation ⊙ Strengthening governance and risk management practices ⊙ Driving long term value creation through strategic investments and operational excellence
Value Created	
Higher earnings and profitability (year-on-year) Enhanced shareholder confidence and trust Long-term share value appreciation Improved market reputation and investor sentiment	
Related Material Matters	
Financial performance and stability Corporate governance and transparency Risk management Sustainable growth and strategy execution	

Customers (project market, dealers, institutional, export)	**Engagement Level: High Engagement**
Objectives for engagement	**Key engagement channels and activities**
Product awareness and corporate updates	⊙ One-on-one interactions – site visits, meetings and formal gatherings ⊙ Print media ⊙ Digital and social media ⊙ Group website ⊙ Exhibitions ⊙ Seminars for Electricians
High level of service	⊙ Unparalleled commitment to product quality, safety and dependability ⊙ Dedicated customer service team ⊙ Aftersales support and technical assistance ⊙ Service-level agreements (SLAs) ⊙ Warranty
Obtain feedback and complaints	⊙ Customer feedback surveys ⊙ Complaint-handling mechanisms ⊙ Hotlines and email support ⊙ Dealer and distributor review meetings

Customers (project market, dealers, institutional, export)	Engagement Level: High Engagement
Expectations	**Our Approach**
⊙ Reliable, high-quality products ⊙ Competitive pricing ⊙ Timely delivery and responsive service ⊙ Clear communication and transparency ⊙ Efficient resolution of issues and complaints	⊙ Continuous improvement of product quality and performance ⊙ Strengthening customer service processes and response times ⊙ Regular engagement to understand evolving customer needs ⊙ Transparent communication on product updates, availability and timelines ⊙ Robust feedback and grievance-handling systems ⊙ Seminars and capacity building for dealers and partners
Value Created	
Increased customer satisfaction and retention Stronger long-term relationships with dealers and institutional buyers Growth in market share across local and export markets Enhanced brand reputation, trust and quality Improved product offerings through customer insights	
Related Material Matters	
Product quality and innovation Customer satisfaction and service excellence Supply chain reliability Market competitiveness Responsible marketing and communication	

Employees	Engagement Level: High Engagement
Objective for engagement	**Key engagement channels and activities**
Sustain an informed and engaged workforce	⊙ Regular team meetings and departmental briefings ⊙ Internal communication platforms (e-mail, WhatsApp groups and notice boards) ⊙ Training programs and capacity-building workshops
Expectations	**Our Approach**
⊙ Fair compensation and career growth opportunities ⊙ Safe, supportive and inclusive work environment ⊙ Transparent communication from leadership ⊙ Recognition for performance and contributions	⊙ Remuneration and attractive bonuses ⊙ Career growth pathways ⊙ Continuous training, upskilling and professional development ⊙ Strong focus on occupational health and safety, and compliance ⊙ Open-door communication culture ⊙ Incentive schemes, performance-based recognition and rewards ⊙ Employee engagement events
Value Created	
Improved productivity and operational excellence Strong organisational teamwork Enhanced capability and leadership pipeline	
Related Material Matters	
Employee wellbeing and safety Talent development and retention Workplace engagement	

OUR STAKEHOLDERS AND INTERACTIONS

Suppliers	**Engagement Level: Moderate Engagement**
Objective for engagement	**Key engagement channels and activities**
To build reliable, ethical and long-term supplier partnerships	⊙ Regular procurement meetings and negotiations ⊙ Supplier evaluations and audits
Expectations	**Our Approach**
⊙ Fair payment structure ⊙ Timely payments ⊙ Clear requirements Long-term business stability ⊙ Ethical and transparent procurement processes	⊙ Transparent and consistent procurement practices ⊙ Timely settlement of supplier invoices ⊙ Strengthening supplier capability through training and technical guidance ⊙ Conducting periodic supplier assessments to ensure quality and compliance ⊙ Encouraging responsible sourcing and ethical business conduct
Value Created	
Strong and dependable supply chain partnerships Improved product quality and operational efficiency Reduced supply disruptions and enhanced reliability Shared growth and innovation with key suppliers	
Related Material Matters	
Supply chain management Ethical sourcing and compliance Product quality and reliability Operational continuity	

External Associations (Chambers and Industry associations)	**Engagement Level: Low Engagement**
Objective for engagement	**Key engagement channels and activities**
Bolster commercial and industry collaboration Exchange knowledge, contribute to sector development	⊙ Participation in forums and workshops ⊙ Membership in professional and commercial associations ⊙ Joint initiatives
Expectations	**Our Approach**
⊙ Active participation in the industrial sector ⊙ Knowledge-sharing and collaborations ⊙ Policy advocacy	⊙ Engaging in industry discussions ⊙ Sharing technical knowledge, insights and data ⊙ Collaborating on sustainability, innovation and responsible business practices ⊙ Upholding strong governance, ethics and compliance in all external engagements
Value Created	
Stronger networks Broad business opportunities Influence in shaping industry best practices and policies Access to emerging trends, insights and best practices	
Related Material Matters	
Industry leadership Regulatory and policy engagement Innovation and continuous improvement	

Regulators and Government	Engagement Level: Moderate Engagement
Objective for engagement	**Key engagement channels and activities**
Commitment to full compliance with laws, regulations and policies	⊙ Formal reporting ⊙ Statutory submissions ⊙ Meetings, consultations and inspections ⊙ Participation in forums and policy discussions
Expectations	**Our Approach**
⊙ Adherence to all legal, regulatory, and industry standards ⊙ Transparent and timely disclosure of required information ⊙ Responsible business conduct and ethical operations ⊙ Support for national development priorities	⊙ Ensuring compliance through internal policies and SOPs ⊙ Timely submission of statutory reports, filings, and disclosures ⊙ Proactive engagement with regulators to understand evolving requirements ⊙ Aligning practices with national policies and sustainability goals ⊙ Upholding governance and accountability
Value Created	
Strengthened regulatory relationships Reduced compliance risks and operational disruptions Enhanced corporate reputation and legitimacy Contribution to national economic and social development	
Related Material Matters	
Regulatory compliance and governance Ethical business conduct Risk management	

Communities and Environment	Engagement Level: Low Engagement
Objective for engagement	**Key engagement channels and activities**
Positive impacts for the well-being of communities and the environment	⊙ Community outreach programs/CSR initiatives ⊙ Supporting local organisations, schools and NGOs ⊙ Public awareness campaigns
Expectations	**Our Approach**
⊙ Support for social initiatives ⊙ Responsible corporate citizenship and ethical conduct ⊙ Employment opportunities and local community support ⊙ Transparent communication with society	⊙ Implementing targeted CSR programs ⊙ Supporting environment and livelihood development projects ⊙ Encouraging employee volunteerism and community engagement ⊙ Maintaining open communication with community stakeholders ⊙ Commitment to eliminating negative social or environmental impact
Value Created	
Stronger community understanding Local development Positive reputation and social licence to operate Increased long-term partnerships with communities	
Related Material Matters	
Social responsibility and community impact Environmental stewardship Ethical business conduct Local economic development	

OUR STAKEHOLDERS AND INTERACTIONS

STAKEHOLDER VALUE CREATION IMPACT

Stakeholder Group	Capitals Used	Inputs	Outcomes/Outputs (Metrics 2025/26)	Negative Outcomes
Investors & Shareholders	Financial, Intellectual	Equity capital, governance, strategic direction	EPS - Rs. 4.95 NPS - Rs. 16.56 ROE - 29.87% PE Ratio - 5.72	Earnings volatility, market risk
Clients	Financial, Manufactured, Intellectual, Social	Production investment, technical expertise, QA systems, customer service	On-time Delivery Customer Satisfaction Product Quality	Supply delays, warranty claims, and packaging waste
Employees	Human, Intellectual, Social	Skilled labour, training, safety programs	Employment Training, Culture & Education	Stress during peak cycles, industrial health risks
Suppliers	Financial, Manufactured, Social	Procurement contracts, logistics partnerships	Macro-economic impacts Commodity process Materials Product Quality	Price pressure, delivery risk
External Associations	Social, Intellectual	Industry collaboration, standards knowledge, training, market access	Macro-economic impacts Regulations and policies	Membership costs, compliance burden, reputational exposure
Regulators and Government	Financial, Manufactured, Social, Intellectual	Licences, certifications, tax compliance, reporting, safety and quality controls	Economic Performance Macro-economic impacts Evolving climate regulations & Policies	Regulatory changes, penalties for noncompliance, administrative costs
Communities and Environment	Natural, Social, Manufactured	Energy, raw materials, community programs	Macroeconomic impacts	Carbon emissions, waste, resource depletion

MATERIALITY

This materiality section has been prepared to align with stakeholder expectations and reflect the most significant actual aspects of operations, business activities, and impacts on capital resources. These are linked to a range of topics including product quality, occupational health and safety, governance, supply chain management, environmental stewardship, and community focus. The assessment also considers applicable standards and the Sustainable Development Goals referenced in this section. Together, these topics align with performance monitoring and reporting priorities for 2025/26.

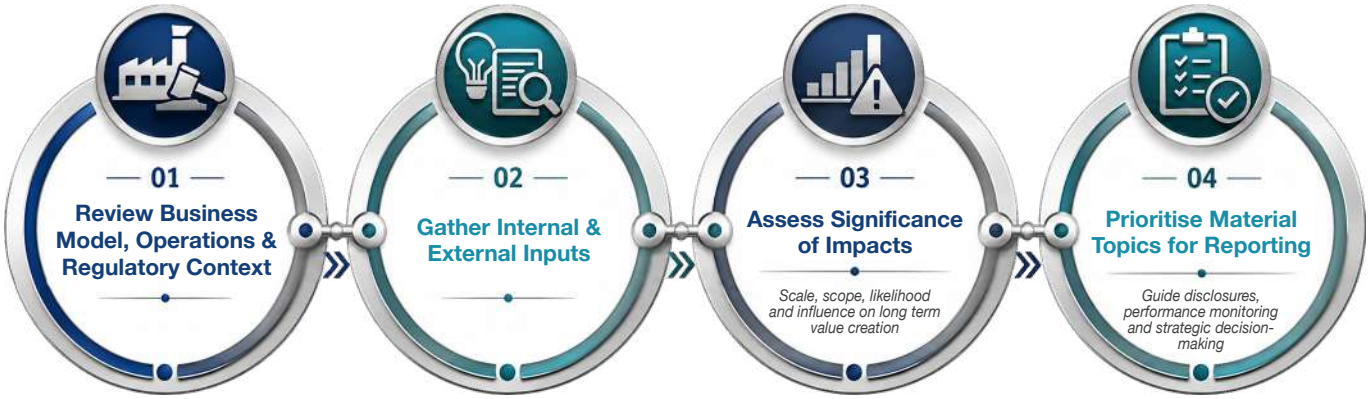
DETERMINATION PROCESS

In determining material topics and matters most pertinent to the Company, we evaluated our business model, regulatory necessities and broader operating context.

Our assessment also included key internal and external inputs, including our strategic priorities, workforce considerations and the expectations of our diverse stakeholder groups. These stakeholders include shareholders and investors, employees, customers, regulators and government, suppliers, communities, and industry associations.

Each potential topic was evaluated based on scale of impact, scope of impact, likelihood of occurrence and influence on long-term value creation. High-priority areas were consolidated into topics which guide reporting disclosures and performance monitoring, which will ultimately support strategic decision-making.

HOW MATERIAL MATTERS WERE DETERMINED



Material Topic Area	Specific Material Matters	Our Focus	Focus and Impact Level in 2025/26	SDG Alignment	Reference
1. Financial & Strategic Performance	⊙ Financial performance and stability ⊙ Sustainable growth and strategy execution ⊙ Market competitiveness ⊙ Industry leadership	⊙ Financial discipline ⊙ Revenue growth ⊙ Foreign exchange management ⊙ Capital structure management ⊙ Margin improvement ⊙ Cost discipline ⊙ Budgeting and planning	High	01 NO POVERTY 08 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 17 PARTNERSHIPS FOR THE GOALS	Financial capital Intellectual capital report Financial Information

Metrics

- ⊙ Revenue growth – 73%
- ⊙ Gross profit margin – 25%
- ⊙ PBIT – 19%
- ⊙ Profit after tax – 2.7 Bn
- ⊙ ROE – 30%

MATERIALITY

Material Topic Area	Specific Material Matters	Our Focus	Focus and Impact Level in 2025/26	SDG Alignment	Reference
2. Governance, Ethics & Compliance	⊙ Corporate governance and transparency ⊙ Regulatory compliance and governance ⊙ Ethical business conduct ⊙ Responsible for marketing and communication ⊙ Regulatory and policy engagement	⊙ Governance practices aligned with applicable regulatory frameworks ⊙ Transparent disclosures ⊙ Timely statutory and regulatory submissions ⊙ Formal stakeholder communication mechanisms ⊙ Ethical operational and financial practices ⊙ Fair market conduct ⊙ Compliance with product and industry regulations	Moderate		Corporate governance report Compliance status Risk management report
Metrics ⊙ Governance-related non-compliances during the year – No governance-related non-compliances were identified or reported during the year under review. ⊙ Annual income tax paid – Rs. 352 Mn ⊙ Timely tax and regulatory submissions – On time ⊙ Interim financial submissions completed during the year – On time					
3. Risk, Continuity & Operational Resilience	⊙ Risk management ⊙ Operational continuity ⊙ Supply chain management ⊙ Supply chain reliability ⊙ Ethical sourcing and compliance	⊙ Proactive risk assessments in production, compliance and environmental practices ⊙ Reviewing mitigation actions ⊙ Stringent internal controls	Moderate		Risk management report Financial information and notes to financial statements
Metrics ⊙ Supplier On-Time Delivery Rate (%) – 92.5% ⊙ Supplier Defect Rate (%) – 0% ⊙ Lead Time Variability - No ⊙ Forecast Accuracy (%) – 90%					

Material Topic Area	Specific Material Matters	Our Focus	Focus and Impact Level in 2025/26	SDG Alignment	Reference
4. Products, Innovation & Quality	⊙ Product quality and innovation ⊙ Product quality and reliability ⊙ Innovation and continuous improvement	⊙ Conformance with customer specifications ⊙ Maintenance of ISO 9001-certified quality management systems ⊙ Responsible sourcing practices ⊙ Compliance with product safety requirements ⊙ Quality inspection and testing controls ⊙ Maintenance of local and international certifications	High		Intellectual capital report About us section Social and relationship capital Manufactured capital report
Metrics ⊙ Finished products passed first-time quality inspections and testing: 98% ⊙ Year-on-year reduction in scrap and material waste – Wastage Rate 1.1% (2025/26), 1.62% (2024/25) ⊙ Product innovations – High temperature rated automotive wires, Cables in line with Export markets, (US, AUS/NZ), anti-rodent cable sheathing ⊙ ISO 9001:2015 audit status - Completed & Certificate issued ⊙ Major non-conformances identified during the year - No					
5. Customer & Market Engagement	⊙ Customer satisfaction and service excellence ⊙ Responsible for marketing and communication	⊙ Dealer relationship management ⊙ Responsive communication with export customers ⊙ Customer site visits and engagement ⊙ Communication on product safety and reliability ⊙ Testing-backed product assurance	High		Social and relationship capital Intellectual capital report
Metrics ⊙ Customer satisfaction score – Over 95% ⊙ Customer rejection rate (2025/26) – 0% (Based on No. of Invoices) ⊙ Customer complaints and resolution rate – 100%					

MATERIALITY

Material Topic Area	Specific Material Matters	Our Focus	Focus and Impact Level in 2025/26	SDG Alignment	Reference
6. People, Culture & Workplace	⊙ Employee wellbeing and safety ⊙ Talent development and retention ⊙ Workplace engagement	⊙ Formal and equitable recruitment practices ⊙ Equal opportunity for career development ⊙ Role-based training and development ⊙ Occupational health and safety management aligned with ISO 45001 ⊙ Structured employee dialogue mechanisms ⊙ Channels for employee feedback and concerns ⊙ Formal grievance handling procedures	High		Human capital report Corporate governance report
Metrics ⊙ Average training hours per employee – 2.5 Hrs per employee/ total 677Hrs ⊙ Employee satisfaction score – Over 90% ⊙ Safety training hours – 4Hrs ⊙ Total bonuses paid – Paid 13 months' bonuses					
7. Environmental & Social Responsibility	⊙ Environmental stewardship ⊙ Social responsibility and community impact ⊙ Local economic development	⊙ Environmental impact management ⊙ Community investment and local stakeholder engagement ⊙ Waste management and recycling ⊙ Resource efficiency and material use optimisation ⊙ Environmental performance monitoring ⊙ Emissions management and carbon reduction initiatives ⊙ Maintenance of ISO 14001-certified environmental management systems	High to Moderate		Social and relationship capital Natural capital report
Metrics ⊙ Environmental certifications and compliance status: Environmental Protection License from the Central Environment Authority. ⊙ Renewable energy generated: 4,405.54 GJ (2025/26) ⊙ CO2 savings from solar power generation: 855.41 tCO_2e (2025/26) ⊙ Energy intensity: 0.5 (2025/26)					

MATERIALITY MATRIX



MATERIAL MATTERS

1. Financial performance and stability
2. Sustainable growth and strategy execution
3. Market competitiveness
4. Industry leadership
5. Corporate governance and transparency
6. Regulatory compliance and governance
7. Ethical business conduct
8. Responsible marketing and communication
9. Regulatory and policy engagement
10. Risk management
11. Operational continuity
12. Supply chain management
13. Supply chain reliability
14. Ethical sourcing and compliance
15. Product quality and innovation
16. Product quality and reliability
17. Innovation and continuous improvement
18. Customer satisfaction and service excellence
19. Responsible marketing and communication
20. Employee wellbeing and safety
21. Talent development and retention
22. Workplace engagement
23. Environmental stewardship
24. Social responsibility and community impact
25. Local economic development

SUSTAINABLE DEVELOPMENT REPORT

SUSTAINABLE DEVELOPMENT GOALS (SDGS) ALIGNED WITH CAPITALS-BASED FOCUS AREAS

At Sierra, our commitment to the United Nations Sustainable Development Goals (SDGs) is part of our corporate responsibility and strategy to align with sustainable development; moreover, our focus aligns with our operations and stakeholder value. The following report on the Company's contributions to the SDGs has been presented in line with capital/resource management activities.

FINANCIAL CAPITAL

Reported activities for FY2025/26 reflect our contribution to SDGs through business activities that support industrial growth, productive capacity, decent work, responsible resource management, and long-term stakeholder value.

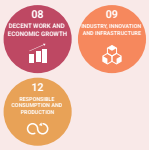
REFERENCE POINT – FINANCIAL CAPITAL REPORT (PAGES 64-69) AND FINANCIAL INFORMATION (PAGES 149-218)

Focus Area	Relevant SDGs	Outcomes
Economic growth through sustainable business performance		Record revenue growth Improved profitability Enhanced shareholder value Expansion of operational activities Continued value creation for stakeholders.
Strengthening industrial capacity and innovation		Capital expenditure Investment in Property, Plant and Equipment, equipment upgrades, and manufacturing capacity expansion
Promoting responsible and efficient resource use		Disciplined expenditure management Working capital efficiency Inventory optimisation and improved resource allocation
Building global and local partnerships		Strategic dealer partnerships Export market expansion strengthened business partnerships and broadened the stakeholder network.

MANUFACTURED CAPITAL

Activities reported below have contributed to certain SDGs by strengthening infrastructure, improving production efficiency and quality systems while supporting responsible resource use, advancing digitalisation and automation, and improving supply-chain resilience.

REFERENCE POINT – MANUFACTURED CAPITAL REPORT (PAGES 70-75)

Focus Area	Relevant SDGs	Outcomes
Manufacturing capacity and large-scale production		Industrial capacity expansion that supports employment and resource efficiency
Investment in plant, equipment and infrastructure		We have enhanced our useful assets, thereby prolonging assets and avoiding replacement or disposal
Infrastructure upgrades, export warehouse and UL facility		Export readiness has improved in providing safe and reliable cables to international markets.
ISO 9001:2015 quality management		Cables require the highest quality standards and rigorous testing to ensure the highest safety, and our commitment to stringent quality protocols prevents potential electricity-related harms – contributing to safe buildings, homes and infrastructure.
Customer quality assurance and feedback management		Builds product reliability, customer trust and responsible production.

Focus Area	Relevant SDGs	Outcomes
Engineering maintenance and plant availability		Proper maintenance contributes to energy efficiency.
Digitalisation, automation and ERP planning		Improved tech adoption results in smart resource allocation.
Supply chain resilience and sourcing efficiency		Builds partnerships based on mutual goals Ensures the right specifications and highest quality of cables
Workforce training and capability		Enhances employee skills and contributes to better productivity, as well as economic growth.

HUMAN CAPITAL

Our employee-centred value proposition supports several SDGs, mainly by promoting their safety, expanding learning and development, fostering inclusion and establishing responsible workplace governance.

REFERENCE POINT – HUMAN CAPITAL REPORT (PAGES 86-95)

Focus Area	Relevant SDGs	Outcomes
HR governance and compliance		We have ensured fair, transparent HR practices and accountability.
Talent acquisition and workforce planning		Our recruitment and skill development processes are inclusive and are geared for long-term growth.
Diversity, equity and inclusion		We promote equal opportunity, pay equity and an inclusive workplace.
Anti-Discrimination and grievance systems		We safeguard employees' rights to fair treatment, ethical conduct and transparent issue resolution
Learning and capacity development		Programs are developed to enhance technical and leadership skills for productivity and work growth.
Trainee and apprenticeship partnerships and career progression		We have adopted vocational training and external partnerships for talent development.

Focus Area	Relevant SDGs	Outcomes
Compensation and employee welfare		Supports financial wellbeing through fair pay and equitable benefits.
Occupational health and safety, training and preparedness		We have established safe working conditions by adopting ISO standards and through preventive measures. Safety awareness, emergency preparedness and equipment safety are followed strictly through workplace awareness and training programs
Employee engagement and communication		Trust, motivation and participation are empowered through open communication.

SOCIAL AND RELATIONSHIP CAPITAL

The actions mentioned in this section have aligned with SDGs by delivering outcomes that have aligned with stakeholder-focused value creation. These approaches have enhanced customer relations, supported regulatory compliance and community well-being.

REFERENCE POINT – SOCIAL AND RELATIONSHIP CAPITAL REPORT (PAGES 96-105)

Focus Area	Relevant SDGs	Outcomes
Customer engagement and service responsiveness		We maintain regular communication with customers through digital, physical and direct engagement channels to understand requirements, respond to concerns and strengthen long-term customer relationships.
Quality assurance and product reliability		Our focus on testing, compliance and certified manufacturing standards supports safe, reliable cable solutions that meet customer, industry and regulatory expectations.
Customer health and safety		We prioritise product safety through strict quality controls, safety-related product improvements and awareness of safe product usage and application.
Customer privacy and responsible communication		We handle customer information with care and uphold transparent, accountable communication practices to protect trust and confidentiality.
Dealer and distribution network development		Our dealer and distribution network supports market access, product availability, customer reach and stronger brand visibility across local markets.
Project market and institutional partnerships		We support infrastructure, construction and institutional projects by supplying technically compliant cable solutions that contribute to safe and resilient built environments.

Focus Area	Relevant SDGs	Outcomes
International market relationships and certifications		Our export relationships and international certifications strengthen confidence among global customers and demonstrate alignment with recognised safety and performance standards.
Supplier engagement and responsible sourcing		We work with local and global suppliers to source raw materials that meet customer, industry and regulatory requirements while supporting product quality and reliability.
Industry associations and external affiliations		Our memberships and collaborations support knowledge sharing, industry development, regulatory awareness and access to trade and market opportunities.
Government and regulatory compliance		We maintain compliance with relevant laws, listing requirements and governance expectations, reinforcing trust among regulators, investors and other stakeholders.
Ethical market conduct and anti-competitive behaviour prevention		We uphold ethical market practices and remain compliant with regulations relating to anti-competitive conduct and monopolistic practices.
Community support and social contribution		We supported community needs through social initiatives, including donations to flood-affected communities and sponsorship of education-related community activities.

INTELLECTUAL CAPITAL

The following activities have contributed to SDGs by improving safety and reliability, adopting digital technologies and demonstrating commitment to quality and consistency in documented governance standards. These activities also support responsible practices, support employee skill growth and reinforce our commitment to transparency.

REFERENCE POINT – INTELLECTUAL CAPITAL REPORT (PAGES 76-85)

Focus Area	Relevant SDGs	Outcomes
Organisational policies, SOPs and governance		Contributes towards structured governance and responsible decisionmaking.
Tacit knowledge and crossfunctional learning		Builds skills through experience, mentorship and knowledge sharing.

Focus Area	Relevant SDGs	Outcomes
Digitalisation, ERP and automation		Improves efficiency, traceability, planning and resource use.
Cloud transformation and digital workplace		Strengthens digital infrastructure and reduces reliance on physical systems.
Product innovation (firesafe, LSHF, UL, specialised cables)		Enables safer, technically compliant and high-performance cable solutions.
Quality assurance, testing and certification		Product safety, reliability and compliance with standards.
R&D in materials, including fire-resistance		Continuous innovation and investments in identifying/developing safer materials.
Brand capital, certifications and recognition		Our corporate name is associated with trust and long-term resilience.

NATURAL CAPITAL

The activities described in the following section contribute to improving resource efficiency, renewable energy use, pollution prevention, supporting responsible production, and encouraging environmental awareness.

REFERENCE POINT – NATURAL CAPITAL REPORT (PAGES 106-114)

Focus Area	Relevant SDGs	Reported Contribution
Environmental policy Regulatory compliance Environmental management practices		Supports structured environmental governance Compliance with legal requirements Pollution prevention and accountability
Resource stewardship and raw material efficiency		Through prudent planning, monitoring, quality control and scrap-reduction targets, we have achieved the efficient use of primary materials, including metals such as copper and aluminium,
Eco-friendly product options, including XLPE, LSHF, solar/PV and RoHS-compliant options		We have developed several safer and more sustainable cable solutions to reduce harmful impacts Such products support infrastructure aligned with customer and regulatory expectations.

Focus Area	Relevant SDGs	Reported Contribution
Energy monitoring Energy efficiency measures	07 AFFORDABLE AND CLEAN ENERGY, 09 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION	Energy productivity has improved through monitoring Methods such as Variable Frequency Drives, electric material-handling equipment and motor-drive upgrades contribute to energy intensity.
Renewable energy use through solar power	07 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Reduces dependence on non-renewable energy Reduced CO2 emissions by adopting solar-generated electricity.
Water stewardship and recycling	06 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	We have adopted prudent water withdrawal and recycling and have demonstrated reduced water consumption during the FY2025/26
Waste management, segregation and safe disposal	11 SUSTAINABLE CITIES AND COMMUNITIES, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Reduces waste sent to disposal, increases recovery of metals and polymers, and ensures safer handling of non-recyclable and hazardous waste streams.
Circular economy initiatives and scrap recycling	09 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Scrap recycling and reusing applicable materials has limited waste disposals
Supplier environmental encouragement and sustainability expectations	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 17 PARTNERSHIPS FOR THE GOALS	We encourage our suppliers to adopt environmental protection practices; however, a strict policy on screening suppliers in line with



TARGET 2026/27

We aim to advance our sustainability efforts by establishing targeted approaches to enhance social and environmental sustainability and strengthen internal Corporate Governance protocols. Moreover, we plan to expand programs focused on community development to share our economic growth with marginalised communities.

THE VALUE CREATION MODEL

INPUT



FINANCIAL CAPITAL

- Strong bank relations ensuring stable cash flow



MANUFACTURED CAPITAL

- PPE: Rs. 3.7 Bn (end of the FY2024/25)
- Modernisation and expansion (Cap-ex): Rs. 2 Bn
- Efficient logistics, warehousing, and distribution



INTELLECTUAL CAPITAL

- Dedicated Quality Assurance and R&D teams drive quality and innovation.
- ISO and SLS quality certifications



HUMAN CAPITAL

- Employee Base: 280
- Continuous safety training: 300 hours
- Skilled engineering and production teams.



SOCIAL AND RELATIONSHIP CAPITAL

- A strong local clientele and supplier network.
- Export market: Over 20 destinations
- Continued investment in community development and CSR initiatives.



NATURAL CAPITAL

- Renewable energy production capacity: 102,000Kwh
- Non-renewable energy reliance: National grid and fuel, gas
- Water sources: Pipe-borne and groundwater
- Land utilised: 17 acres

VALUE CREATION PROCESS



PROCUREMENT AND RESOURCE MANAGEMENT

- Sourcing high quality raw materials from certified suppliers.
- Ensuring ethical, transparent, and cost efficient procurement.



MANUFACTURING AND QUALITY ASSURANCE

- Converting raw materials into cables using advanced production lines and high-grade materials
- Rigorous testing at every stage to meet national and international standards.



INNOVATION AND PRODUCT DEVELOPMENT

- Developing energy efficient, durable, and specialised cable solutions.
- Enhancing product performance through R&D and customer feedback.



MARKET ENGAGEMENT AND DISTRIBUTION

- Serving utility, construction, industrial, and export markets.
- Maintaining strong distributor networks and after sales support.



GOVERNANCE AND RISK MANAGEMENT

- Ensuring ethical conduct, compliance, and transparent reporting.
- Managing operational, financial, and environmental risks.

OUTPUTS

- High quality power cables, communication cables, and industrial wiring solutions.
- Reliable supply to national grid projects, construction, and infrastructure.
- Reduced production waste through recycling and efficiency improvements.
- Skilled workforce with enhanced safety and technical competencies.
- Strengthened stakeholder relationships and customer satisfaction.

FINANCIAL
- Group revenue: Rs. 16 Bn
- Profit after tax: Rs. 2.7 Bn

MANUFACTURED
- PPE at end FY2025/26: Rs. 4.8 Bn
- Production Capacity –
  Copper cables: 3,000 MT
  Aluminium cables: 2,400+ MT

INTELLECTUAL
- New products/categories introduced: 5 (2025–2026)

HUMAN
- New recruits: 55
- Training programs delivered: 17

SOCIAL AND RELATIONSHIP
- CSR projects executed: 6
- Products recalled: None reported

NATURAL
- 4-Star Green Labelling Certification for Copper & Aluminium cables
- Electricity consumption (non-renewable): 12,675 GJ
- Renewable energy consumed: 4,405 GJ
- Raw material usage: 9.3 Mn kg

OUTCOMES

FINANCIAL
- Revenue growth: 73%
- PAT growth: 194%
- ROE: 29.87%
- EPS: Rs. 4.95

MANUFACTURED
- Capacity increase: 45% (monthly)
- Assets growth: 81%

INTELLECTUAL
- Pass rate (quality inspections/testing): 98%
- R&D-led improvements (e.g., optimised conductor design, fire resistance)
- Human Outcomes
- Skills enhancement through training programs (17 conducted)

SOCIAL AND RELATIONSHIP
- Enhanced community well-being through CSR initiatives.
- Customer complaints: 0
- Strengthened community engagement through CSR projects

NATURAL
- CO_2 savings: 596,000 Kgs
- Reduced environmental footprint through renewable energy use (4,405 GJ)
- Waste generated: 95,506 kg of scrap
- Water consumption: 11,459 m^3

SDG's

FINANCIAL CAPITAL



MANUFACTURED CAPITAL



INTELLECTUAL CAPITAL



HUMAN CAPITAL



SOCIAL AND RELATIONSHIP CAPITAL



NATURAL CAPITAL





Management Discussion and Analysis



Financial Capital

Creating value that strengthen our financial capital is anchored in several core aspects: it begins with prudent planning and discussions on managing financial capital in a sustainable manner and in allocating capital to strengthen production capacities and innovation, efficient resource use and investments in the economic growth of staff that push development beyond previous limitations.

Highlights

Revenue Climbed
73%
to Rs. 16 Bn

PBIT
Rs. 3 Bn
Growth 119%

Net Profit
Rs. 2.7 Bn
Growth 194%

ROE
30%
Achieved

Finance Income
Rs. 765 Mn
Growth 73%

Share Price
Increased from Rs. 15.70 to Rs. 28.30

Index of Connectivity and Trade-offs

Capital	Connectivity/Value Creation	Key Trade off
Manufactured	Investments in equipment, upgrades and modern facilities improve capacity, reliability and support higher sales volumes.	Capacity expansion demands higher investment, maintenance spending and financing support.
Intellectual	Effective planning, forecasting, cost discipline and market insights enable smarter resource allocation, pricing strength and export expansion.	Requires ongoing monitoring, accurate data and disciplined decisions to protect margins.
Human	Skilled employees, strong financial discipline and operational execution enhance productivity, efficiency and delivery of growth targets.	Rising activity levels require stronger controls, more training, accountability and sustained engagement.
Social & Relationship	Strong dealer networks, institutional customers, export partnerships and investor confidence broaden revenue streams and strengthen credibility.	Growth depends on timely collections, supplier readiness, market demand and maintaining stakeholder trust.

Index of Value Creation Primary Activities

- Economic growth through sustainable business performance
- Strengthening industrial capacity and innovation
- Promoting responsible and efficient resource use
- Building global and local partnerships

Related Materiality

Financial and Strategic Performance

- Financial performance and stability
- Sustainable growth and strategy execution
- Market competitiveness
- Industry leadership

Related Stakeholders

- Shareholders and potential investors
- Employees

SDG ALIGNMENT

ECONOMIC SUCCESS AND GROWTH

Our economic growth and financial success are anchored in the growth and management of our financial capital. At Sierra Cables, we recognise that sustainable value creation relies on pragmatic and disciplined financial management, strategic investments and a commitment to prudent cost controls every step of the way.

During the year, we have optimised financial resources and capital expenditure allocations, withstanding competitive pressures and meeting market demands in quantity and quality.

The financial performance of the fiscal year under review was transformational and underpins our ability to expand operational activities and resources to support business growth. The company delivered a record-breaking growth and positioned itself as a dynamic manufacturer in Sri Lanka.



Rs. 16 Bn
Highest Recorded Revenue



194%
Growth in PAT



Rs. 24 Bn
in Total Assets

REVENUE

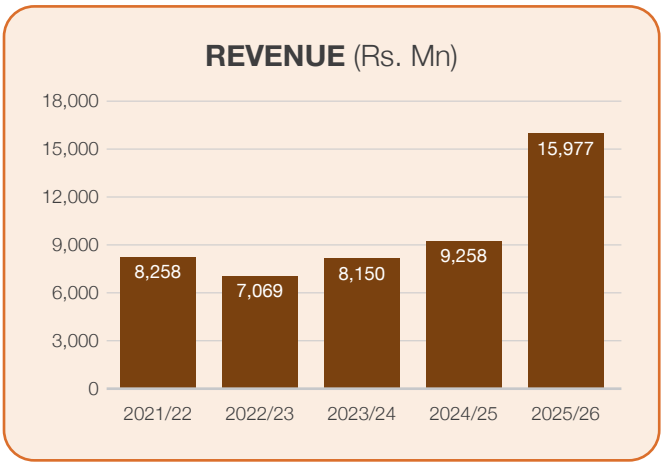
A testament to the Group's strong financial management and the success of our operational and strategic decisions, we reported a revenue of approximately Rs. 16 Bn, which is a 73% increase over Rs. 9.2 Bn reported in the previous financial year. Group earnings also reported a similar upward trend and positive movement.



73%
Revenue Growth

Earnings from the institutional market, the export market, the dealer network, and the project market collectively fuelled the substantial growth in revenue during the year.

During FY2025/26, local sales accounted for 69% of total Group revenue, with export sales contributing the remaining 31% — a marked improvement from prior years. This shift was driven by accelerated growth in international business, particularly from the United States, supported by the UL44 and 854 certifications obtained during the review period. Meanwhile, in the domestic market, we enhanced our reach through strategic dealer partnerships.



Export revenue contributed to a significant share of overall revenue growth. This was driven primarily by our expansion in international markets, particularly to the USA. This export-backed momentum was a major contributor to the record-breaking 73% rise in our year-on-year revenue in 2025/26.

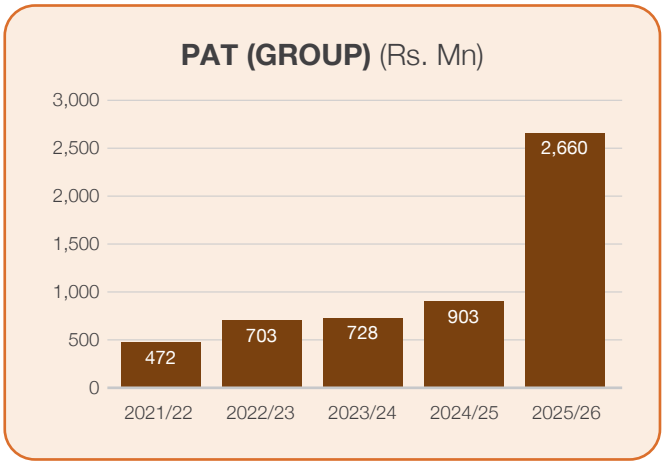
PROFITABILITY

Gross Profit witnessed a 70% rise in the financial year at around Rs. 4 Bn, ending on March 31st 2026. This is a 70% growth over the previous year's GP of Rs. 2.3 Bn. Profit before taxation grew by 143% to Rs. 3.1 Bn for the Group, reflecting the effectiveness of our financial management and business optimisations.

Net Profit for the year was reported as Rs. 2.7 Bn for the Group and marked a 194% growth compared to the previous year's PAT of Rs. 903 Mn. Moreover, the Company similarly delivered a strong bottom line of Rs. 2.5 Bn – a 205% growth over the Rs. 824 Mn recorded in the previous financial year.

194%
PAT Growth

FINANCIAL CAPITAL



81%
Asset Growth

EXPENDITURE MANAGEMENT

Prudent cost management resulted in a minimal increase in Selling and Distribution Expenses by 12% to Rs. 537 Mn in the fiscal year 2025/26. Moreover, Administrative Expenses declined by 18% to Rs. 417 Mn, indicating the effectiveness of cost controls and prudent financial management despite increased operational activities, higher inventory and capital expenditures.

SUMMARY OF FINANCIAL POSITION

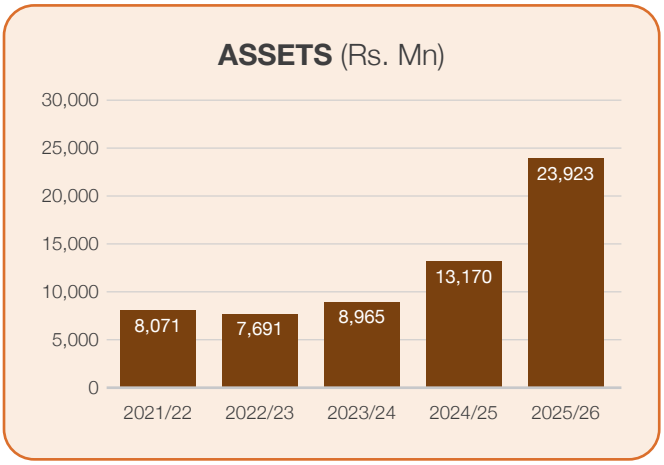
The Company reported significant growth in its financial position as the balance sheet improved during the financial year under review. The balance sheet reflects heightened operational and investment activity during the financial year, supported by a balanced capital structure aligned with our long-term growth strategy.

The financial position attests to our strong asset growth, driven mainly by working capital expansion and capital investments, and also underscores increased business activity and highlights a potential pressure on liquidity.

ASSETS

The Group's total asset base expanded significantly, growing 81% from Rs. 13.2 Bn in 2024/25 to Rs. 23.92 Bn in FY2025/26. This expansion was driven by growth across both non-current assets (Rs. 5.1 Bn from Rs. 3.9 Bn) and current assets (Rs. 18.8 Bn from Rs. 9.3 Bn).

This expansion of total assets by Rs. 11 Bn is similar to the asset growth seen within the Company and was driven by a growth in current assets due to heightened activity, higher sales and expanded credit exposure.



Group non-current assets rose from Rs. 4 Bn to Rs. 5 Bn. The main contributing factor to this expansion is Property, Plant and Equipment, which rose by Rs. 1 Bn to Rs. 4.6 Bn for the Group and also by nearly Rs. 1.1 Bn to Rs. 4.8 Bn for the Company, indicating our continued investments in physical facilities, equipment upgrades and other related modernisations.

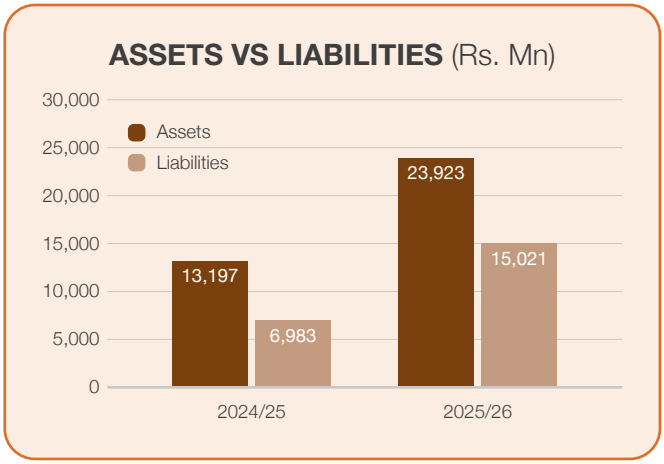
Investment in equity accounted investees also increased sharply to Rs. 434 Mn (Group), due to interest in a joint venture (Cables PTE Limited) and interest in associates of Rs. 258 Mn and Rs. 177 Mn, respectively.

Current assets grew significantly to Rs. 18.8 Bn in FY2025/26, from Rs. 9.3 Bn in the prior year, driven by Trade and Other Receivables of Rs. 6.38 Bn and higher Inventories of Rs. 5 Bn (up from Rs. 3.75 Bn). Cash and cash equivalents declined to Rs. 439 Mn from Rs. 772 Mn over the same period.

Rs. 5.1 Bn
Non-current assets

Rs. 18.8 Bn
Current Assets

Equity in the financial year under review improved to approximately Rs. 9 Bn (Group) from Rs. 6.21 Bn. This reflected a growth in retained earnings to Rs. 6.3 Bn. The Company's Total Liabilities rose to Rs. 15 Bn from Rs. 7 Bn reported in the previous year. Non-current liabilities and current liabilities were reported as Rs. 7 Bn and Rs. 8.4 Bn, respectively. Non-current liabilities included term loans at Rs. 5.9 Bn, due after one year.



LIABILITIES

Total liabilities showed a rise from nearly Rs. 7 Bn to Rs. 15 Bn in the fiscal year under review, marking an increase of Rs. 8 Bn. The doubling of total liabilities underscores long-term borrowings and short-term financing to support expansion and increased working capital requirements. The increase underscores operational expansions backed by debt financing.

Non-current liabilities increased from Rs. 2 Bn in the previous fiscal year to Rs. 6.6 Bn in the year under review, representing an increase of Rs. 4.5 Bn. This is indicative of term loans due after one year (Rs. 5.9 Bn) reported by the end of the financial year and remained the single largest driver of long-term liabilities.

Current liabilities rose to Rs. 8.4 Bn from Rs. 4.8 Bn reported in the previous year, due to several substantial increases, including Import Demand Loans at Rs. 4.3 Bn and Term Loans due within One Year at Rs. 2 Bn.

Trade and other Payables declined to Rs. 743 Mn in the period under review, while amounts due to Related Companies increased to Rs. 672 Mn. Moreover, income tax payable rose to Rs. 337 Mn, and bank overdraft recorded a significant increase to Rs. 234 Mn from Rs. 2.4 Mn in the financial year 2025/26.

The developments and movements under liabilities indicate that the company is now better-leveraged and has reduced its term loans due within 12 months. However, our risk profile has increased sharply over the period under review, and is rationalised by aggressive expansions, including higher imports and inventory and scaling of operational activities.

Rs. 15.2 Bn
Total Liabilities

Rs. 8.4 Bn
Current Liabilities

Rs. 6.7 Bn
Non-Current Liabilities

TOTAL EQUITY AND LIABILITIES

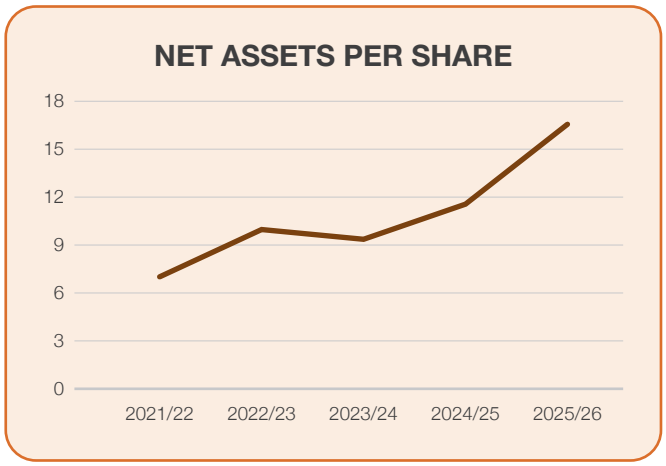
Total equity rose to Rs. 8.9 Bn (Group) by 2.3% in the fiscal year, while the Company reported Rs. 8.7 Bn in total equity, which is also an increase over the previous year.

Total equity and liabilities were reported as Rs. 24 Bn in the fiscal year 2025/26, over Rs. 13 Bn reported in 2024/25. This is similar to the total equity and liabilities reported by the Company.

FINANCIAL CAPITAL

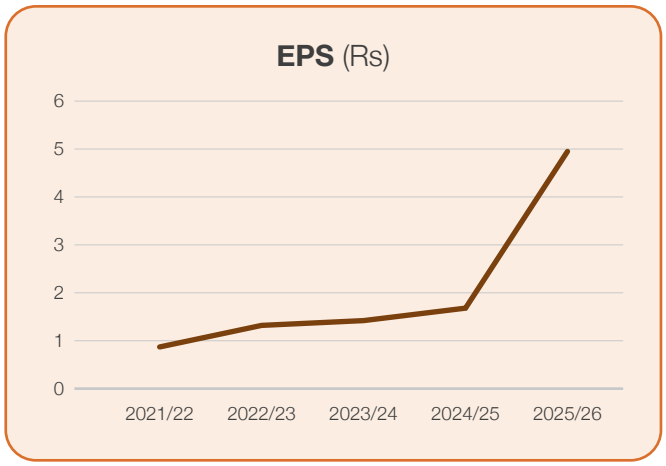
SHAREHOLDER VALUE CREATED

Net Asset Value per Share has increased significantly across the Group and Company. This reflects a substantial strengthening of the equity base, driven by growth in net assets and also underscores improved profitability. It also affirms to our shareholders and investors that we have improved financial stability and are able to provide better long-term returns to shareholders.



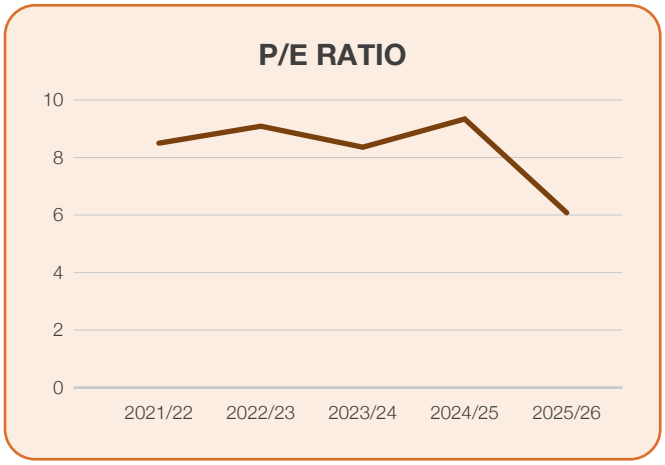
EARNINGS PER SHARE

The basic EPS attributable to ordinary shareholders was reported as Rs. 4.95 (Group), which has increased from Rs. 1.68 in the previous year.



The Company's market valuation remained relatively stable over the review period, with the P/E ratio fluctuating within a narrow band of 7.85 to 9.34 times between FY2021/22 and FY2024/25. This consistency reflects a steady alignment between the Company's share price and its underlying earnings performance, with the market neither significantly overvaluing nor undervaluing the Company's earnings capacity during this period.

The PE Ratio of 5.72 times in FY2025/26 was driven primarily by the sharp increase in earnings generated during the year, with Earnings Per Share rising to Rs. 4.95 from Rs. 1.68 in the prior year — an increase of 194.5%. As the share price did not adjust proportionately to this exceptional earnings growth within the same period, the P/E ratio compressed accordingly.



A lower P/E ratio of this nature can be interpreted as an indication that the Company's shares were trading at a more attractive valuation relative to its earnings at the close of FY2025/26 compared to prior years. The Board views the FY2025/26 outcome positively, as it reflects the substantial improvement in underlying profitability achieved during the year, and considers that the market valuation may adjust further as investors incorporate the Company's improved earnings base into their assessments going forward.



TARGETS 2026/27

The Company recorded outstanding financial performance during FY 2025/26, achieving its highest-ever revenue, operating profit, and net profit levels. The sustained improvement in profitability indicators, shareholder returns, and asset growth demonstrates the effectiveness of the Company's strategic direction and operational execution.

Despite global economic uncertainties, commodity price volatility, and competitive market conditions, the Company remains well-positioned to capitalise on future growth opportunities through continued investments in manufacturing capacity expansion, export market development, product innovation, and operational excellence.

The Board remains confident in the Company's long-term growth prospects and its ability to create sustainable value for all stakeholders.

We will continue to focus strongly on improving our liquidity management and working capital efficiency. In the fiscal year ahead, we also aim to bolster our approaches to cash flow discipline, optimise inventory and efficient resource allocations while focusing on accelerating receivable collections for sustainable financial growth.

Importantly, prudent debt management and aligning borrowings for expansion with improved operational cash generation will be prioritised. All of the above will be supported with tighter financial controls and pragmatic forecasting in line with the support needed to fulfil short-term obligations and long-term investments.

Manufactured Capital

Manufactured capital has been expanded and improved through several approaches, including upgraded PPE, expansions and increased efficiencies.

These improvements and value additions have enhanced the plant's capacity to deliver better throughput and now have a stronger preparedness for increased manufacturing requirements.

Highlights

Average Annual Production Capacity
3000 MT Cu
2400 MT Al

Overall capacity increase
45%

Capital Expenditure Investment
Rs. 2 Bn

PPE
Rs. 4.8 Bn
(29% growth)

Waiting time reduction
42%

Annual Targets
Achieved

Index of Value Creation Primary Activities

- Manufacturing capacity and large scale production
- Investment in plant, equipment and infrastructure
- Infrastructure upgrades, export warehouse and UL facility
- ISO 9001:2015 quality management
- Customer quality assurance and feedback management
- Engineering maintenance and plant availability
- Digitalisation, automation and ERP planning
- Supply chain resilience and sourcing efficiency
- Workforce training and capability

Related Materiality

Risk, Continuity & Operational Resilience

- Risk management
- Operational continuity
- Supply chain management
- Supply chain reliability
- Ethical sourcing and compliance

Related Stakeholders

Customers · Employees · Community · Suppliers

SDG ALIGNMENT

Index of Connectivity and Trade-offs

Capital	Connectivity/Value Creation	Key Trade off
Financial	Better capacity, utilisation, less waste and faster lead times improve cost efficiency and margins.	Higher capex, maintenance and inventory increase short term cash pressure.
Intellectual	ISO aligned systems, digital monitoring and ERP planning enhance traceability and decisions.	Requires accurate data, disciplined use and ongoing capability building.
Human	Training and stronger discipline improve safety, productivity and tech adoption.	Automation demands behaviour change and continuous upskilling.
Social & Relationship	Reliable delivery, export capability and compliance build credibility and trust.	Supplier readiness and material availability may affect consistency.
Natural	Less waste and better material efficiency support sustainability.	Higher volumes may increase energy and resource use.

CAPACITY THAT POWERS

Our manufactured capital is the backbone of what makes us exceptional and accepted by local and global markets. The capital consists of our production facilities, machinery, quality control systems and well-engineered processes that have enabled us to provide high-performance, reliable cables.

Our investments in infrastructure upgrades and plant efficiency support consistent output and have significantly reduced in-process waste. Furthermore, manufactured capital has enhanced our ability to fulfil various market and client demands, overseen by a team of highly experienced and insightful production and operations staff. Moreover, our production facilities and processes are aligned with sustainable practices, which can be reviewed under the Natural Capital Report (pages 106-114).

MANUFACTURING FACILITY AND CAPACITY



The Company operates a fully equipped manufacturing facility in Kaduwela. Developed on a sprawling 17-acre property, the facility accommodates all plant processes, including inventory management, the production of aluminium and copper wires, and the storage of finished products. The scope of our facility supports large-volume orders and custom manufacturing, providing a competitive advantage over competitors. Our advanced manufacturing facilities support an output that is high in volume and precision for local and international markets.

Average annual production capacity

3,000
MT Copper

>2,400
MT Aluminium

PROPERTY, PLANT AND EQUIPMENT

PPE or physical assets form the backbone of our manufactured capital.

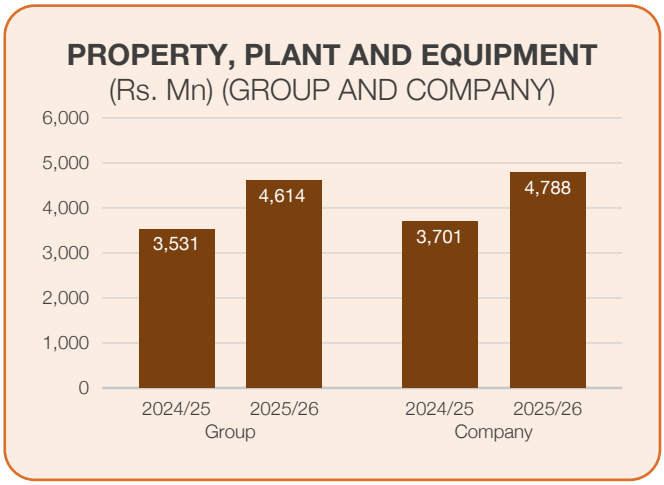
29%
Growth in PPE

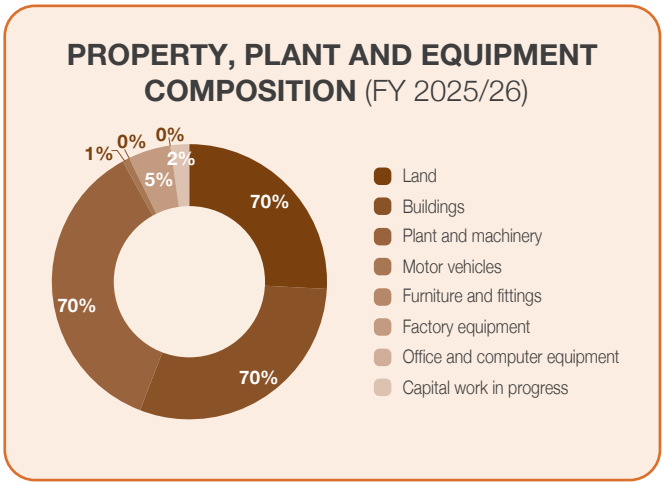
The PPE of Sierra Cables as an individual entity included a cross-section of physical and intangible assets, which surpassed Rs. 4.8 Bn by the end of the FY 2025/26. This is an increase of 29% compared to Rs. 3.7 Bn in 2024/25, marked by significant expansions that supported the increase in production capacities. Further, the expansion of PPE is a result of improved infrastructure, including plant equipment, machinery and tools, alongside an increased inventory to ensure a smooth flow of the production process when meeting the substantial volume of wire and cable products.

*Group-wide PPE increased by 29% to Rs. 4.8 Bn, compared to Rs. 3.7 Bn reported in the previous financial period.

PPE Component	2025/26 (Rs. Mn)	2024/25 (Rs. Mn)	Change %
Land	**1,249**	1,236	1.05%
Buildings	**1,441**	1,125	28.18%
Plant and machinery	**1,756**	457	284.03%
Motor vehicles	**42**	45	-6.67%
Furniture and fittings	**3.1**	1.2	158.33%
Factory equipment	**231**	41	463.41%
Office and computer equipment	**12**	12	0%
Capital work in progress	**122**	613	80.10%

MANUFACTURED CAPITAL





INFRASTRUCTURE UPGRADES AND DEVELOPMENT

Within the period under review, we continued to enhance our manufactured capital by making substantial investments in production, infrastructure and manufacturing technologies. The substantial capital expenditure on expanding and improving our physical assets was central to improving efficiency within the production processes while supporting the high level of quality maintained by Sierra for local and global clientele.



Rs. 2 Bn
Invested in Capital Expenditure during the year

Key milestones during the period under review:

- Dedicated UL Cable Manufacturing Plant: The establishment of a dedicated UL Cable manufacturing facility. This has powered us to meet stringent international safety standards that are imperative when supplying cables to the North American market and other highly regulated export markets. The facility has substantially advanced our capabilities to access high-value overseas markets.
- New export warehouse complex: To streamline our expanding export operations, we constructed a new export warehouse complex, thereby improving efficiency, expanding storage and reducing preparation time. The facility has improved the overall supply chain and has optimised inventory management.
- We also undertook the following developments through the installation of several advanced pieces of machinery.
  - A 100 mm high speed extrusion line.
  - An upgraded stranded conductor annealing facility.
  - An aluminium rod breakdown machine, increasing drawing capacity by 250 MT per month.
  - A 61 bobbin 630 mm stranding machine.
  - A 630 mm bunching machine.
  - A 7-wire tubular stranding machine.
  - Capacity increased for heavy cable-cutting winders.

CAPACITY ENHANCEMENTS

With the installation of modern machinery and process optimisations, we have increased our monthly production capacity from 550 MT to 800 MT, a 45% increase.

Operational efficiencies include:

- 45% increase in overall productivity - through improved machine utilisation and streamlined workflows.
- 42% reduction in waiting time for stranding machines, minimising production bottlenecks.
- Reduction in manufacturing lead time from three days to two days - improving delivery responsiveness and customer satisfaction, using 40-foot export containers.

The above efficiencies have strongly contributed to our recent financial and operational performance. Efficiencies have translated into lower unit costs, higher margins and the ability to scale.

- Improved EBIT driven by disciplined execution and cost control.
- Net profit grew 194%, reflecting strong conversion of revenue into bottom-line performance.
- AI-powered and automated manufacturing reduces waste, improves precision, and lowers labour-intensive processes.

- Rigorous quality assurance minimises defects and rework, improving throughput and reducing operational downtime
- Integrated production planning ensures optimal use of raw materials and machine capacity.

PRODUCTION OBJECTIVES AND ISO 9001:2015 (QUALITY MANAGEMENT SYSTEM)

To ensure continuous improvement and continued commitment to superior quality in products, we have adhered to all relevant and feasible requirements. ISO 9001:2015. This has driven us to adopt measurable objectives to reduce waste, improve efficiency, enhance customer satisfaction and workforce stability.

- ISO 9001:2015 Renewed in December 2026: The standard covers the manufacture of a wide range of electrical and telecommunication cables and is a guiding framework to enhance quality and efficiency in production.

OBJECTIVES (ALIGNED WITH ISO 9001)

PRODUCTION - MINIMISING MATERIAL WASTE

Lowering our scrap levels ensures lower cost, higher efficiency and better environmental performance.

	Target Metric	Expected Impact	2025/26
Copper Scrap	≤ 0.80%	Reducing copper waste ensures better process accuracy and material handling	0.89%
Aluminium and Alloy	≤ 0.70%	Tighter control over extrusion, cutting, and manufacturing processes.	0.66%
PVC Insulation	≤ 2.0%	Helps maintain consistency in insulation and sheathing processes.	1.53%
XLPE Processing	≤ 4.0%	Encourages improved curing and handling.	3.37%



Reducing material waste, particularly PVC and XLPE, ensures zero detriment or minimal environmental impact and complements green manufacturing standards.

QUALITY ASSURANCE AND SALES

These assurances are directly related to elevating relationships with customers, ensuring trust and transparency on the quality and reliability of our products.

	Target Metric	Expected Impact	2025/26
Customer complaints	Zero	Flawless product quality	Achieved
Feedback	100% feedback in 5 working days	Improved customer relationships	Achieved



Swift and accurate responses improve customer relationships and enhance satisfaction. Moreover, these enhance brand reputation, repeat business and strong market presence.

MANUFACTURED CAPITAL

ENGINEERING

Enhancing plant availability will lead to higher production outputs and minimised delays.

	Target Metric	Expected Impact	2025/26
Plant availability	≥ 99%	Ensures machines and systems are operational almost all the time.	Achieved
Preventive maintenance	> 400 man-hours/ month	Proactive maintenance to avoid breakdowns.	Achieved

SUPPLIES

Enhancing plant availability will lead to higher production outputs and minimised delays.

	Target Metric	Expected Impact	2025/26
Imported raw material supply efficiency	> 95%	Reliable suppliers reduce downtime.	97%
Local material supply efficiency	> 90%	Improves quality consistency	93%
Loss against invoice value	< 1.8%	Controls costs and improves financials	0%

HUMAN RESOURCES

Ensuring a stable, well-trained production team to improve productivity and reduce human errors.

	Target Metric	Expected Impact	2025/26
Labour Turnover	<1%	Strong retention and satisfaction	9%
Training plan implementation	>90%	Ensures employees are skilled, updated, and capable.	92%



has greatly enhanced our manufacturing efficiencies and manufacturing capabilities.

TECHNOLOGIES AND AUTOMATIONS

The company continued enhancing manufacturing efficiency through process automation, improved machine monitoring systems, and upgrades to production equipment to strengthen productivity, consistency, and operational reliability. IOT devices have been introduced to several machines for the purpose of monitoring, optimising the machine utilisation and process stability.

Digitalisation initiatives include:

- Digital monitoring of key production parameters
- Electronic quality and production record maintenance
- ERP-based inventory and production planning systems

Key manufacturing operations, including drawing, extrusion, bunching, armouring, and final testing processes, are digitally monitored to ensure process stability, traceability, and quality consistency.

SUPPLY CHAIN STRENGTHS

The strength of our supply chain is built around prudent, pragmatic management, diligent sourcing, and uninterrupted availability of resources for the best possible turnaround times in production, logistics and product delivery.

KEY SUPPLY CHAIN FEATURES

- We have built a resilient and efficient operational ecosystem through integrated sourcing, manufacturing, and distribution. This alignment has ensured the uninterrupted delivery of our products across key markets in a reliable and timely manner.
- Operational efficiencies have been improved via automated solutions that have amplified our output while ensuring cost discipline. Moreover, our digitally monitored and automated production lines support smart resource allocation, optimised utilisation and minimal downtime for a consistent production flow.



TARGETS 2026/27

In the year ahead, our focus will be on several strategies to meet internal production targets and increased market demand. Increased capacity, enhanced supply resilience, advanced digitalisations, including AI adoption and supporting our teams to be more efficient and resourceful will be pursued in the year.

- Expand capacity and efficiency through better machine utilisation, lower waste, and stronger process performance.
- Strengthen quality through rigorous process standards.
- Improve supply chain and digital operations through proactive and highly planned sourcing
- Optimum use of the new ERP system to improve information gathering and informed production planning.
- Enhance workforce capabilities.
- Disciplined investment in infrastructure and technology.

Intellectual Capital

Our intellectual capital has been strengthened through robust governance and policies, cross-functional learning and digital transformations, including ERP, automation and cloud-enabled workflows. Moreover, product innovation, advanced testing and R&D in stronger more fire resistant materials have added to the formidable base of intellectual capacities that belong to Sierra Cables PLC.

These have also enhanced brand recognition and market trust, and are guided by strong frameworks in quality management and continuous improvement in production and product development.

Highlights

New Certifications
UL 44 and 854

Tech Integrations
SAP-ERP Implementation

Quality/Product Pass-rate
98%

Credit Rating
A+ (lka)

Awards
4 Awards in 2025/26

New products
New ranges and products

Index of Connectivity and Trade-offs

Capital	Value Creation	Key Trade off
Financial	Innovation, exports, stronger brand and digital efficiency support revenue and margin growth.	R&D, labs, certifications and digital systems increase near term costs.
Manufactured	Advanced machinery, labs, automation and IoT improve consistency, reliability and safety.	Upgrades require capex, maintenance, technical skills and structured change management.
Human	Expertise, engineering skills and factory floor knowledge enable innovation and operational excellence.	Automation and new systems demand continuous upskilling and behaviour change.
Social & Relationship	Customer driven development, compliance, certifications and partnerships build trust and credibility.	Supplier readiness and evolving customer or regulatory requirements may slow adoption.
Natural	Energy efficiency, safer materials, digitalisation and process control support responsible resource use.	Higher volumes and specialised materials may increase resource demand without efficiency gains.

Index of Value Creation Primary Activities

- Organisational policies, SOPs and governance
- Tacit knowledge and cross functional learning
- Digitalisation, ERP and automation
- Cloud transformation and digital workplace
- Product innovation (fire safe, LSHF, UL, specialised cables)
- Quality assurance, testing and certification
- R&D in materials, including fire-resistance
- Brand capital, certifications and recognition

Related Materiality

Products, Innovation and Quality

- Product quality and innovation
- Product quality and reliability
- Innovation and continuous improvement

Related Stakeholders

Customers | Employees | Regulators

SDG ALIGNMENT

INTANGIBLE ASSETS THAT DRIVE VALUE CREATION

At Sierra Cables, intellectual assets have a significant influence on our success and growth as a leading cable manufacturer in Sri Lanka. The sum of our intellectual capital includes several critical inputs, such as organisational capital (policies and procedures, tacit knowledge, governance structures and technological systems) and brand recognition. The collective strength of these forms the backbone of our competitive leverage and works cohesively to enhance operational excellence, strategic expansion and long-term sustainability.

ORGANISATIONAL CAPITAL

POLICIES AND PROCEDURES

Over the years, we have focused on improving the precision in manufacturing and operations by streamlining processes (production and administrative) in line with efficient production practices and resource optimisations, while focusing strongly on continuous improvement in product quality and business excellence.

As a world-class cable manufacturer, we have adopted high standards across all aspects of our business and operations. To maintain a clear and consistent level of commitment to high standards in business, quality and operations, we have established and continue to strongly follow several key policies and standard operating procedures.

These govern our approaches and ensure that all our staff remain committed to locally and globally benchmarked best practices across the board. The following policies and SOPs have established the modus operandi for our production processes and quality assurance, as well as ensuring that our actions have minimal consequences on the environment and communities that are impacted through our work.



INTELLECTUAL CAPITAL

SUSTAINABILITY

We have been recognised by several accreditations – covering various dimensions, including quality excellence, environmental sustainability and compliance to international standards.



Our Copper and Aluminium cables are distinguished by the 4-Star Green Labelled Product Certification by the Green Building Council of Sri Lanka. This achievement has elevated our standing in the manufacturing industry and amongst our stakeholders.

TACIT KNOWLEDGE

Our long-standing presence in the manufacturing sector and in the cable industry has enabled us to accumulate deep and strong product expertise, technical know-how and market knowledge, related to both the local and international markets and industries in which we operate. This organisational knowledge is embedded in the Knowledge, skills and experiences of our employees, particularly related to the following areas:



Tacit knowledge is held by our employees, particularly those with long-term service periods, including engineers, skilled labour, and operations management personnel.

Areas associated with deep tacit and explicit knowledge are enhanced by continuous learning and development, cross-departmental collaboration, exchange of internal knowledge and through standardised operational processes. The knowledge associated with the following areas is nurtured to gradually crystallise and enhance intellectual capital as a competitive advantage for the Company.

Here is the breakdown of how tacit knowledge is enhanced across each business area, organised into a clear, scannable table:

Area	How Tacit Knowledge is Enhanced	Value Created
Production	Master-apprentice mentorship on the factory floor. Hands-on experience with specialised cable machinery.	Minimises material waste, optimises machine uptime, and ensures consistent physical output.
Quality Assurance	Training staff to recognise deviations from standards. Aligning team abilities with stringent international standards	Protects brand reputation, prevents costly product recalls, and secures global compliance.
Marketing & Customer Service	Deep, relationship-based client interactions. Understanding the unstated nuances (regulations, market demands) of clients Capturing and sharing customer feedback to refine products and meet requirements	Increases customer retention, uncovers new market opportunities, and builds brand equity.
Research & Development (R&D)	Fostering a culture of innovation and curiosity. Protecting experimental failures as critical learning milestones. Turning engineering insights into proprietary formulas (eg. LSHF and solar cables).	Drives product innovation Establishes first-mover advantage
Supply Chain Management	Nurturing personal trust and rapport with international and local logistics partners. Developing operational intuition to navigate global trade disruptions.	Lowers lead times, ensures raw material security, and builds a resilient distribution network.

COMPANY CULTURE AND GOVERNANCE STRUCTURES/ PROTOCOLS

At Sierra Cables, we follow an ethos of purpose and precision, which represents a culture driven by accumulated experiences and a collective commitment to the company's sustainable long-term growth.

Furthermore, we maintain a clearly defined governance structure, which integrates strategic oversight from our parent company and executive leadership by a team of highly qualified and experienced management personnel. The structure is complete with oversight and commitments from board committees, which support the Board in making crucial decisions pragmatically and ethically. Moreover, leadership actions are guided by corporate governance policies and protocols, ensuring top-most accountability in decision-making, in the best interests of Shareholders, Customers and the Community.

TECHNOLOGIES AND AUTOMATIONS

The company continued enhancing manufacturing efficiency through process automation, improved machine monitoring systems, and upgrades to production equipment to strengthen productivity, consistency, and operational reliability. IOT devices have been introduced to several machines for the purpose of monitoring, optimising the machine utilisation and process stability.

Digitalisation initiatives include:

- Digital monitoring of key production parameters
- Electronic quality and production record maintenance
- ERP-based inventory and production planning systems

Key manufacturing operations, including drawing, extrusion, bunching, armouring, and final testing processes, are digitally monitored to ensure process stability, traceability, and quality consistency.

STRENGTHENING SYSTEMS, DATA, AND ORGANISATIONAL KNOWLEDGE

During the period under review, we initiated major digital transformation initiatives, including ERP upgrade and sales force automation. These represent a leap towards digital maturity and were expedited with the aim of modernising core operations, enhancing data management and visibility while laying the foundation for company-wide automation. Together, these are expected to provide leverage for future scalability plans, better strategic and operational decisions and improved efficiencies.

Benefits of tech transformations underway

- Real-time, accurate, and integrated data
- Improved decision-making through dashboards and analytics
- Reduced operational risk and dependency on legacy systems
- Enhanced mobility and field-level efficiency
- Lower long-term IT infrastructure costs
- A scalable foundation for future AI and IoT adoption

INTELLECTUAL CAPITAL

SAP-ERP (IMPLEMENTATION-PHASE)

We commenced the implementation of a fully-fledged ERP deployment through SAP S/4HANA Grow, which is being supported and implemented with the services and support of a specialised third-party implementation service provider. The transformative and strategically important solution will cover all critical aspects of business and introduce standardised, integrated processes enterprise-wide. The implementation is also overseen by LOLC Technologies Limited – the IT facilitator of the LOLC Group.

Expected strategic benefits:

- AI-embedded capabilities unique to SAP S/4HANA with features for predictive insights and process automation.
- Automations and BI dashboards for real-time visibility of operational and financial data.
- Mobile-based solutions, particularly for the sales function, ensuring timely data entry and improved field-level reporting.
- Centralised management reporting, which will enable our top management to access consolidated, real-time performance indicators across all departments.
- Activity time tracking integrated into the ERP to support accurate product costing.
- Cloud-based hosting, eliminating the need for on-premises servers and reducing long-term maintenance and infrastructure costs. Further expected to greatly reduce dependence on paper-based activities and workflows.

SALES FORCE AUTOMATION (SFA)

Following the ERP implementation, we have planned for the implementation of a sales force automation solution, which will allow our sales representatives a host of benefits and efficiencies. The SFA will be integrated with the SAP S/4HANA system for a seamless flow of information from field operations to management dashboards.

- Enter sales data remotely and in real time
- Manage customer pipelines
- Synchronise field activities directly with the ERP
- Improve accuracy and timeliness of sales reporting

CLOUD TRANSFORMATION – OFFICE 365, AZURE AND FILE SERVER MIGRATION

As part of our broader transformation strategy, we have also initiated plans to transition from on-site servers to a cloud-first architecture. We anticipate a full adoption of Microsoft Office 365 for internal communication and collaboration, and the successful migration of file servers and business data to Microsoft Azure with enhanced security and accessibility. Combined, these are expected to eliminate the costs and efforts of server maintenance and associated costs. The shift is expected to secure corporate information hosted on the cloud, while enabling remote access and modernising workplace practices in the upcoming financial year.

POWERING INNOVATIONS

At Sierra Cables, any presentation of our products naturally begins with a commitment to the highest standards of quality. From high-quality raw materials to stringent manufacturing standards, our cables and wires undergo a rigorous process and assurances from our QA team, production team, engineers and technicians.



SPECIALISED PRODUCTS AND INNOVATIONS



MOST-RECENT PRODUCT INNOVATIONS

#	Product / Service	Category	Year
1	UL 44 Cable Range	Product Innovation	2024/2025
2	UL 854 Cable Range	Product Innovation	2025/2026
3	Anti-Rodent Cable Sheathing Material	Material Innovation	2024/2025
4	AS/NZS 5000 Standard Cables	Product Innovation	2024/2025
5	High Temperature Auto Wires (125°C)	Specialized Product	2024/2025
6	Technical Support Department	Service Innovation	2023/2024

OUR PRODUCTS AND VALUE CREATED

Category	Innovation Focus	Benefit to Customers/Applications
LSHF Cables	⊙ Low smoke, zero halogen, high safety	⊙ Emit minimal smoke and toxic gases during fire events. ⊙ Contain zero halogens, making them safer for enclosed spaces. ⊙ Developed and tested in specialised lab facilities.
Fire Resistant Cables	⊙ Circuit integrity under fire	⊙ Designed for high-risk environments such as commercial buildings, hospitals, and industrial plants. ⊙ Built with fire retardant materials. ⊙ Maintain circuit integrity during fire exposure.
Tin Coated Cables	⊙ Corrosion resistance ⊙ Obtained SLS 1542 certification	⊙ Tin coated cable manufacturing, which improves: ⊙ Corrosion resistance ⊙ Solderability ⊙ Longevity in harsh environments
ABC Cables	⊙ Safer overhead distribution	⊙ Innovative insulated overhead conductors are used for safer low-voltage distribution. ⊙ Reduce power theft ⊙ Improve reliability ⊙ Require less maintenance
Thermoset Insulated Aluminum Cables	⊙ Tailored engineering	⊙ Increased export revenue

INTELLECTUAL CAPITAL

Our fire safety product range includes flame-retardant and fire-resistant cables manufactured in accordance with UL 44, UL 854 and internationally recognised fire-safety ratings. The range has been designed to maintain circuit integrity in hospitals, airports, high-rise buildings and commercial complexes, directly addressing the safety-first procurement requirements of regulated markets.

COMMITMENT TO QUALITY AND EXCELLENCE

Our products undergo stringent, uncompromised laboratory testing at every stage of the production process, from raw materials to packaging. Our quality assurance ensures that all critical parameters are within the ideal range, ensuring the highest safety and durability of our cables.

BEST PRACTICES IN QUALITY

At each and every possible point, we have adopted quality assurance protocols to ensure a variety of dimensions – including material quality, product reliability, safety and the ability to withstand adverse exposures.

The internal quality policy plays a crucial role in integrating all key requirements for ensuring the proper and excellent quality of our products.

CORE QUALITY ASSURANCE ACTIVITIES:

- Adherence to ISO 9001:2015 requirements
- Compliance with statutory and regulatory requirements
- Train and develop staff to ensure superior quality and safety of products
- Continuous improvement of the quality management system



Quality Management

- ISO 9001:2015



SLS Certifications

- SLS Certifications (SLS 412, SLS 733, SLS 750, SLS 1143, SLS 1186, SLS 1504 and SLS 1542)



International Certifications

- UL 44 and 854 standards
- International laboratory certifications from Singapore (TUV), India (CPRI), and France (LCIE) for Fire Resistant cables
- United Kingdom (BS), Australian (AS) New Zealand (NZS), France (NFC), Japanese (JIS), USA (ASTM, UL) and International Electro-Technical Commission (IEC) standards.

Feature	Sierra Cables
What makes our products unique	⊙ Higher reliability due to 100% unit testing ⊙ Internationally benchmarked quality through ISO compliance and other certifications ⊙ Advanced manufacturing technology ensuring consistency ⊙ Stronger safety performance due to strict QA and certified processes ⊙ Better long-term durability proven through rigorous testing

At our manufacturing facility, we conduct 100% unit checks on each production batch. This reduces defects, ensuring reliability and safety for use. Our internal QA protocols ensure quality through upstream and downstream quality controls. Every stage of the manufacturing process is monitored and scrutinised to maintain consistent quality and compliance with required standards.

- Incoming raw material inspections
- In-Line quality inspections at each stage.
- Final product testing before dispatch
- Instrument calibration and maintenance
- Laboratory testing for electrical, mechanical, and dimensional properties
- Corrective and preventive action (CAPA) procedures for non-conformities

Quality Controls in Manufacturing	The following tests are conducted specifically across the material and product life cycle ⊗ 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 ⊗ Ageing 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 company is one of the two companies in Sri Lanka to have completed the 'Compulsory Test Report' as per the Government directives. Certified by the LCIE laboratory in France, this third-party accreditation test report underscores our steadfast commitment to quality excellence and reinforces the trust and satisfaction of our customers. Achieving this standard has also positioned us to actively pursue opportunities in government contracts.



OUTCOME OF STRONG COMMITMENT TO CONTINUOUS IMPROVEMENT AND QUALITY

98%+ **Finished products passed first-time quality inspections and testing requirements during the reporting period.**

No major product recalls were reported during the reporting period. Customer complaints and internal rework incidents were monitored through the corrective action system, with root cause analysis conducted to implement preventive measures and continuous process improvements.

FOCUS ON RESEARCH AND DEVELOPMENT

Our R&D efforts are focused on improving cable formulations, fire-resistant materials and automation of processes/systems. Our research and development team plays a central role in driving our growth and long-term objectives to reach new markets and break boundaries in industry innovation.

OUR R&D STRENGTHS:

- **Cable Formulation Innovation:** Our R&D team continuously experiments with new polymer blends and insulation compounds to innovate products with advanced features, functionalities and capabilities. For this purpose, we have also partnered with leading international material suppliers to develop low-smoke, halogen-free and fireproof materials and products, engineered to be strong and resilient in harsh conditions.
- **Fire Resistance Engineering:** We have invested in specialised, state-of-the-art test laboratories that test our cables under rigorous conditions and extreme scenarios to ascertain their ability to withstand harsh conditions.

  Our state-of-the-art fire testing laboratory, which is the first of its kind in Sri Lanka, simulates extreme fire conditions to rigorously test and refine our designs, ensuring that power keeps flowing even when it matters the most.

RIGOROUS TESTING HAS ENABLED OUR PRODUCTS TO MEET IEC AND SLS SAFETY STANDARDS.

- **Process Automation and Smart Manufacturing:** Our R&D team works together with the production department to integrate AI-based quality control and automated extrusion lines that maintain high precision, reduce material wastage and ensure reliability and consistent high quality across every point of production.
- **Sustainability and Energy Efficiency:** Ensuring that our growth does not come at the expense of the environment, we actively research the eco-friendliness of our materials, particularly those used for insulation purposes. Research has also extended to solar-powered production enhancements, in line with our commitment to carbon footprint reduction.

"SIERRA CABLES IS THE ONLY SRI LANKAN CABLE MANUFACTURER SUPPLYING UL-CERTIFIED CABLES FOR HOME BUILDING IN THE UNITED STATES"

We support this with a state-of-the-art manufacturing facility continuously upgraded under a phased investment plan prioritising automation, precision engineering and energy-efficient technologies. Complementing this is our in-house, internationally capable testing laboratory, where we conduct vertical flame propagation testing, smoke density measurement, corrosive gas emissions analysis and fire-resistance testing under combined fire, water and mechanical shock conditions in accordance with BS 6387 — before any product leaves our facility.

SPECIFIC R&D CAPABILITIES DURING 2025/26:

Research and development initiatives focused on:

- Development and optimisation of cable constructions to improve electrical performance, flexibility, mechanical strength, and durability of power, control, and fire-resistant cable
- Developments to reduce conductor resistance through optimised conductor design and dimensional control, helping to improve energy efficiency and reduce transmission losses.
- Developing products aligned with customer requirements and in accordance with applicable rules and regulations involves manufacturing products that meet customer expectations while complying with industry standards, legal requirements, and regulatory guidelines.
- Collaboration with raw material suppliers and technical experts to introduce advanced cable compounds and innovative manufacturing technologies for improved product reliability and sustainability.
- Introduction of energy-efficient manufacturing practices and monitoring systems to reduce energy consumption during cable production processes.

- The waste XLPE generated immediately after the Extruder Die is collected before cooling and directly used in brick mould preparation. The hot XLPE material is placed into brick moulds and compressed to form solid blocks or bricks. This process helps minimise material wastage, reduce disposal requirements, and promote reuse of production waste in a practical and environmentally friendly manner.

BRAND CAPITAL AND RECOGNITION

Over the years, our name has gained significant recognition for our superior quality products and excellence in manufacturing. Sierra Cables has now become a top brand name for copper and aluminium cables used and applied in a wide range of industrial and commercial settings, and for residential purposes locally and globally.

Trusted across Sri Lanka and in international markets such as the USA, Sierra Cables has made a distinctive mark in the world of power cables. This credibility was further enhanced by an A+ (lka) national long-term rating with a stable outlook, awarded by Fitch Ratings. This reflects our financial strength, prudent governance and market position, which indicates reliability and our ability to meet financial commitments and sustain long-term operational resilience.

AWARDS

Our products and performance have gained some notable national and international recognitions. The following accolades are accomplishments of our entire team at Sierra and their commitment to excellence, unwavering quality-consciousness and continued efforts for growth.



Award receiving image of Best Brand Exporter for the Year 2025 by the National Chamber of Exporters of Sri Lanka (NCE)

OUTCOMES OF OUR CAPABILITIES

OUR RECOGNITIONS

We have gained numerous recognitions in the market for our distinctive commitment to quality and credibility. These also underscore innovation and brand prominence within the local industry.

The following recent awards represent the judgment of national and international bodies, awarded for our manufacturing capabilities and quality, export consistency and ability to align with international standards.

RECOGNITIONS IN 2025/26

Product and Business

- Best Sri Lankan Brand Exporter - Export Awards by the National Chamber of Exporters of Sri Lanka (NCE) 2025
- The Gold Award in the Large Category under the Electronic and Electrical Products Sector – Export Awards by the National Chamber of Exporters of Sri Lanka (NCE) 2025
- Bronze Award in Metal, Non-Ferrous, Machinery, Electronic, Electrical Goods, and Equipment-related industries category.
- LMD Customer Excellence Survey 2024/2025: Ranked within the top two positions in the Building Materials (Electric) sector.

Environment and Sustainability

- Presidential Environment Awards 2025 by the Central Environmental Authority under the Ministry of Environment
- Green Labelled Product (4 Star - 2025-2028): Awarded by the Green Building Council of Sri Lanka.

Previous Accolades

- National Industry Excellence Awards 2023: Gold Award for Large Scale Electronics/Electrical Sector.
- NCE Export Gold Award 2023: Gold Award.
- South Asian Business Excellence Awards: Best Cable Manufacturer 2021 & 2022.
- National Quality Award 2022: Recognised for quality standards.



TARGETS 2026/27

A task management system is in the pipeline in line with the LOLC group's task management system which is 'OASYS System', which will have online approval in place to minimise paperwork and paper usage. This is to be implement during Dec of 2026.

Across the Company, AI will play a strategic role in the upcoming years, transforming how we work with strategic capabilities to enhance efficiencies and agility. SAP's inbuilt AI capabilities are expected to support automation in the near term.

Furthermore, IOT enablement has been envisioned for the production facility at Kaduwela. We have planned machinery upgrades in the medium term with broader IOT integrations to be introduced to enhance production monitoring, data and efficiency.

Human Capital

Creating value through human capital entails developing a skilled, engaged and empowered team of employees that drives the Company's long term success. We have undertaken this with deliberate workforce planning, continuous training and through a culture that addresses their personal grievances and provides the right financial remuneration to inspire effective work.

Highlights

Employees

280

Compliance

All applicable labour laws and regulations - No Violations

Training

15+
programs

Occupational Health and Safety

420 hours
in safety training

Index of Value Creation Primary Activities

- HR governance and compliance
- Talent acquisition and workforce planning
- Diversity, equity and inclusion
- Anti discrimination and grievance systems
- Learning and capacity development
- Trainee and apprenticeship partnerships and career progression
- Compensation and employee welfare
- Occupational health and safety, training and preparedness
- Employee engagement and communication

Index of Connectivity and Trade-offs

Capital	Connectivity/Value Creation	Key Trade off
Intellectual	HR policies, workforce planning, competency assessments and performance systems enable informed decisions and long term capability building.	Success depends on accurate data, regular monitoring, disciplined follow up and alignment across HR, departments and leadership.
Social & Relationship	Transparent communication, grievance handling, DEI initiatives and responsible employment practices build trust and a positive culture.	Sustaining confidence requires timely responses, fairness, accountability and protection of employee rights.
Manufactured	Safe workplaces, upgraded facilities and strong OH&S systems support uninterrupted operations and employee well being.	Strong safety performance requires continuous audits, maintenance, incident reviews, compliance investment and employee participation.
Financial	Prudent financial management, cost discipline and investment in people, systems and facilities enable sustainable growth and operational resilience.	Balancing investment needs with cost control requires prioritisation, efficient resource allocation and maintaining financial stability.

Related Materiality

People, Culture and Workplace

- Employee wellbeing and safety
- Talent development and retention
- Workplace engagement

Related Stakeholders

Employees

SDG ALIGNMENT

EMPLOYEES AND HUMAN CAPITAL DEVELOPMENT

At Sierra Cables, our value creation is enriched and advanced by the capabilities and acumen of our staff. They have become the source of strength behind our growth and success, particularly during the company's transition in ownership and transformative change.

We are committed to upholding the highest standards of ethical employment practices and human rights across all our operations. The Company maintains a strict zero-tolerance policy towards child labour, forced labour, bonded labour, human trafficking, and any other form of involuntary employment.

We provide a safe, respectful, and inclusive working environment where the rights and dignity of all employees are protected. Regular monitoring and compliance measures are in place to ensure that labour practices remain aligned with legal requirements, corporate values, and internationally accepted principles relating to human rights and responsible employment.

Key HR Policies

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

GOVERNANCE AND ACCOUNTABILITY

The Company's HR governance framework is comprehensive, with policies that support compliance with best HR practices, corporate governance practices, and labour regulations. Overall, the governance framework strives to provide an all-encompassing employee value proposition that complements transparency and consistency for staff members across all departments.

Key objectives of HR governance:

- Fulfilling talent management requirements in line with organisational objectives
- Maintaining strong communication channels between management and employees
- Strengthening grievance handling and conflict resolution mechanisms
- Promoting a participative culture through committees and forums
- Ensure fair and transparent HR policies to build trust and stability

SIERRA HR VISION

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

SIERRA 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 improves our associates' motivation, commitment and concern to serve customers through a high-performance work system for improved organisational performance.

CORE RESPONSIBILITIES OF HR FUNCTION / DIVISION

The HR unit is responsible for several critical aspects and duties: ensuring that talent management and employee value propositions are aligned with corporate objectives. Despite overseeing the above areas of human resources, strategic HR decision-making is undertaken by the management of Sierra Cables PLC, which reviews and approves the following.

STRATEGIC HR DECISIONS

- Cadre approvals
- Salary revisions
- HR policy amendments
- Organisational restructuring

HUMAN CAPITAL

We also focus on the following for optimal employee value creation.



ROLE OF THE DEPARTMENT HEADS IN TALENT MANAGEMENT



Department Heads carry the overall responsibility for making recommendations for recruitment, promotions, transfers, confirmations, increments, and disciplinary actions. Such decisions are ultimately reviewed and validated by the HR division.

Department Heads are also required to continuously monitor employee performance, discipline, conduct, productivity levels and human resource requirements.

ROLE OF THE HR MANAGER

The HR Manager of the Company serves as the link between employees, department heads and the senior management. He/she remains committed to ensuring fair implementation of HR policies, consistency in HR practices and effective communication across all levels.

HR REPORTING STRUCTURE AND COMMUNICATION

While we encourage a two-way communication across the Company between employees and management, the following reporting structure is followed in official matters. This is followed to ensure accountability and effective decision-making. HR-related matters are communicated/reported through the following structure, which provides a clear and transparent communication flow across all levels.

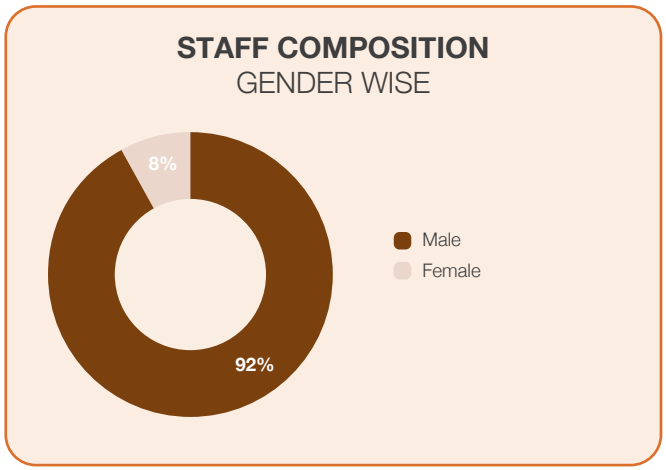


EMPLOYEE COMMUNICATION

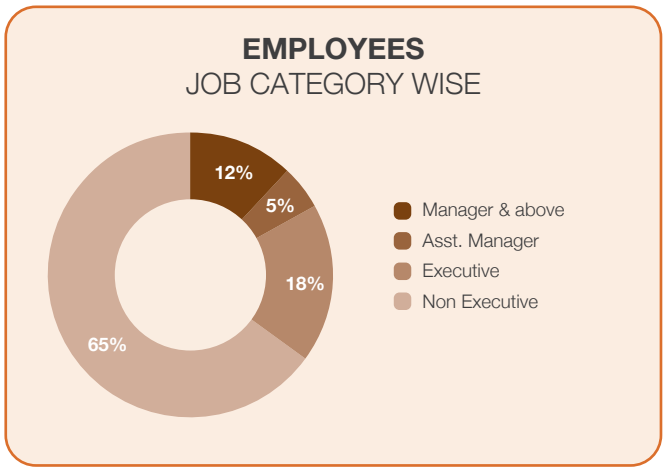
The HR intervenes in consultation with the management to ensure that regular management meetings and departmental discussions are conducted to review workforce matters and operational HR requirements.

TEAM COMPOSITION

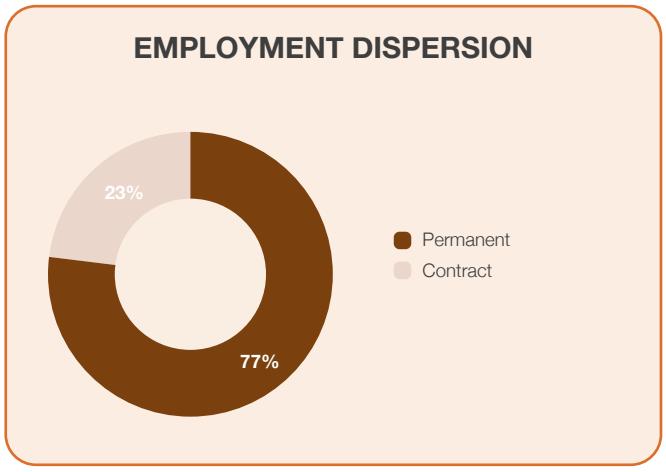
The Company has 280 employees in total; this is formed by 259 male peers and 21 female peers.



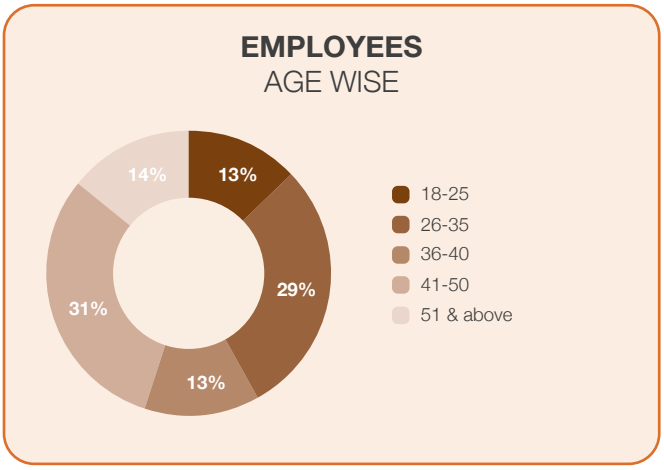
The Company's non-executive staff forms the largest category of employees at 65%. This includes production staff that forms a majority.



77% of staff members are employed on permanent basis.



31% of employees are within the ages of 41-50. All are above the legal age of 18 as we validate staff age at the point of recruitment.



DIVERSITY, EQUITY AND INCLUSION



AS A RESPONSIBLE EMPLOYER

We ensure:

- Equal opportunity in recruitment and development
- Improve diversity across levels
- Unbiased performance and promotion systems
- An inclusive workplace culture that respects all employees

Adopting a collective duty towards diversity, equity and inclusion, the management of the Company, together with the HR division, ensures a work environment conducive to all staff members across all departments and levels.

We have adopted a culture that endorses diversity. This has been achieved by employing individuals from diverse social backgrounds, and by encouraging varying opinions and perspectives among employees to boost collaboration and better intercultural understanding.

At Sierra, we have provided career opportunities and economic empowerment for persons with disabilities without discrimination. They are supported equally as persons without disabilities and enjoy equal opportunities in career progression and professional development.

ACTION FOR A DEI-ALIGNED APPROACH TO PERSONNEL MANAGEMENT.

- Pay parity for male and female employees in the same job category

Counselling and awareness sessions to educate staff on disciplinary procedures against workplace harassment

- Freedom to engage in various religious and cultural activities, which promotes cultural and ethnic diversities
- Well-structured grievance management approach for swift remediation
- Policies to handle sexual harassment and bullying, as well as gender equality.

ETHICAL CONDUCT AND PROPER BEHAVIOUR

We also have in place a Code of Conduct which governs equal respect and ethical behaviour and enables us to enforce disciplinary action in the event of any misconduct and non-compliance. The employee handbook includes the code of conduct and is provided to each employee upon joining the workforce at Sierra Cables.

During the reporting period, the Company recorded no incidents or allegations relating to child labour, forced labour, bonded labour, human trafficking, or any other form of exploitative labour practices.

ANTI-DISCRIMINATORY BEHAVIOUR

We have enforced a strict policy of zero tolerance for discrimination based on religion, race, gender, ethnicity and physical or other forms of disability while fostering a work culture built on dignity for all.

EMPLOYEE GRIEVANCE HANDLING

Employee grievances and concerns are handled through discussions, mediation, and formal HR procedures when necessary. Issues are escalated to the relevant departments and management personnel, with the HR Department acting as the central arbitration point.

Some key issues escalated and resolved in this manner are leave and attendance issues, employee grievances, disciplinary concerns, and welfare and wellbeing matters.

WHISTLEBLOWER POLICY

Across the organisation, our employees have been encouraged to report unethical and illegal conduct without fear. Any form of fraud, harassment, misconduct, safety violations, or breaches of laws and company policies is expected to be reported to immediate supervisors and the head of enterprise risk management.

The company protects whistle-blowers from retaliation and maintains strict confidentiality during the investigation. Moreover, upon receiving a complaint, the relevant supervisors/management will investigate to take proper action.

TALENT ACQUISITION AND WORKFORCE PLANNING

The Company's approach to recruitment and workforce development includes a formal and transparent approach based on best practices, aimed at attracting and retaining individuals with the right skills for manufacturing operations and those with the right credentials and experience for executive-level functions. Nevertheless, in fulfilling a vacancy, the management will prioritise internal candidates prior to initiating an external recruitment process.

Consequently, the company has invested in its formal recruitment process to ensure that our staff holds the right knowledge and experience to support the Company's long-term goals and objectives. What governs our decisions and activities in ensuring proper talent acquisition and planning is a fair and transparent Recruitment Policy that provides the blueprint for attracting and recruiting the most successful candidates for the job. This policy is continuously refined to complement evolving business objectives and best practices.

Recruitment is based on merit and experience when hiring fresh talent, while top-tier positions are filled through professional headhunting services and professional networks. Standard recruitment processes are followed for other positions. When there is a vacancy to be filled, the management will always first look internally to fill that role.

Recruitment and workforce planning ensure the following:

- Align manpower planning with business expansion and production/sales targets
- Develop structured workforce forecasting based on capacity, shifts, and market demand
- Strengthen internal hiring and succession pipelines to reduce dependency on external recruitment
- Build employer branding to attract skilled and semi-skilled talent in a competitive labour market
- Introduce structured trainee and apprenticeship programs to develop unskilled labour into a skilled workforce
- Every Year, we provide internships for students, mainly in the mechanical, electrical, and quality fields.

ETHICAL RECRUITMENT PRACTICES - All employees are recruited in accordance with applicable labour laws and regulations, and employment is based solely on free and informed consent. The Company verifies the age of all employees during the recruitment process to ensure compliance with the minimum legal working age requirements. Employees are free to terminate their employment in accordance with the terms of their contracts and applicable labour legislation.

BUILDING A STRONG AND FUTURE-FORWARD TEAM

With the focus on building a future-ready workforce, we invest considerably in continuously building the skills and knowledge of staff members across all levels and departments. This is undertaken by a carefully developed training and development plan in line with organisational training requirements and to narrow skill gaps within the organisation.

Training and development programs ensure that employees are well equipped to handle long-term growth and sustainable professional development.

Employee motivation initiatives

- Training programs
- Performance evaluations
- Reward schemes

LEARNING, TRAINING AND CAPACITY DEVELOPMENT

Learning, training and capacity development remain areas of focus at Sierra Cables due to their strategic importance for employees and the Company. The knowledge and skills enhanced by training and development programs not only benefit each employee but also enable better performance that meets organisational objectives.

APPROACH TO TRAINING AND DEVELOPMENT:

- Establish a structured training framework aligned to technical and behavioural competencies
- Focus on multi-skilling and cross-training to improve workforce flexibility
- Develop leadership pipeline for supervisory and managerial roles
- Strengthen technical training for plant operations, safety, and quality systems
- Measure training effectiveness through post-training performance improvement

IDENTIFYING TRAINING REQUIREMENTS

- At the beginning of the year, all HODs assess training requirements through employee skill assessments and by developing a competency matrix to plan training accordingly.
- We also have a Grading System in place for Factory staff to assess their training needs based on defined criteria to grant them opportunities for career progression.

During 2025/26, we conducted over 15 training programs, benefiting employees of all levels. Programs included technical and soft skill training initiatives carried out as either internal programs or external sessions.

These are as follows:

1. Training on Environmental conservation and awareness of the ISO14001:2015 Environmental Management System
2. Training on Lean Six Sigma
3. Training on Workplace safety
4. Training on Calibrations
5. Detailed consultation on Cable Manufacturing and Identification Training
6. Fire Fighting Program

RETENTION AND CAREER DEVELOPMENT

Retaining staff as a manufacturing company comes with its specific list of challenges. However, we strive to counter this challenge by providing our staff with a rewarding tenure at Sierra Cables – across all departments.

We focus on:

- Develop clear career progression pathways for all job categories
- Focus on internal promotions rather than external hiring where possible
- Implement succession planning for critical roles
- Reduce attrition through engagement, recognition, and growth opportunities
- Identify and retain high-potential employees

PERFORMANCE REVIEW AND REWARD SYSTEM

We conduct an employee appraisal twice a year. This provides insight into employee performance, which supports bonus payments provided in December and April. These appraisals also validate rewards provided to employees and enable management to assess their ability to tackle special assignments and capacity to assume responsibility for higher positions.

STEPS IN PERFORMANCE EVALUATION

1. Self-Appraisal
2. Superior Appraisal
3. Cross-Functional team appraisal

COMPENSATION AND REWARDS STRATEGY

We focus strongly on improving the economic standing of our employees. Therefore, we provide employees with statutory and non-statutory financial benefits and offer a competitive benefits package.

Staff remuneration has been established in line with industry standards for job roles – in an effort to obtain empowered performance.

- Maintaining competitive and market-aligned salary structures
- Introducing performance-based incentives linked to productivity
- Ensure internal equity and fairness across departments
- Strengthening benefits structure (medical, welfare, allowances, etc.)

EMPLOYEE/OCCUPATIONAL HEALTH AND SAFETY (OH&S)

We consider employee health and safety a primary focus at Sierra Cables due to our manufacturing backdrop, which makes it essential to take proactive and pragmatic steps to prevent accidents and occupational risks. As one of our fundamental responsibilities, we ensure that all necessary measures are in place across routine operations for the safety of production and non-production staff.

Oversight of the HR function together with relevant management personnel:

- Ensure strict compliance with labour laws and statutory requirements
- Strengthen workplace safety culture and reduce incidents
- Conduct regular safety training and audits
- Maintain high standards in industrial hygiene and employee welfare

Overseen by top-level accountability, the OH&S Policy and the relevant Management System play a critical role in ensuring employee well-being. The policy ensures a safe environment by controlling risks in production areas and offices and is the guiding framework for the Company to manage workplace hazards and ensure continuous improvement in safety practices.

COMMITMENTS TO OH&S

- Prevention of injury and ill health
- Continued improvement of the OH&S Management System
- Compliance with legal and other requirements
- Identifying workplace dangers and taking steps to remove or minimise them
- Employee consultation and participation in a culture where safety is everyone's responsibility.
- Has set clear expectations for actions and behaviours through the policy and the OH&S management framework
- Periodically reviewed health and safety objectives.
- Requirements are communicated through circulars, meetings, notices and through the website.

SAFETY GUIDELINES TO EMPLOYEES

To ensure workplace safety, we have embedded the principles of individual accountability and risk awareness into accident prevention. Relevant guidance is communicated to employees through notices and e-mails.

- Taking Responsibility for everyone's safety
- Preventing accidents
- Knowledge of company rules and following them
- Good housekeeping
- Thinking before acting
- Proper training
- Lift safety
- Avoiding easy shortcuts
- Staying proactive and prepared for emergencies

ACCIDENT FOLLOW-UP PROTOCOL

In the event of an accident, employees have been trained to follow the following list of actions.

- Report to the immediate superior
- Organise first aid if the accident is minor, or take victims (permanent/ casual/contract) to the nearest hospital if the accident is major
- Report relevant information to the Department Head
- The Department Head is to notify the Executive Director and HR Manager
- The HR Manager assigns an officer to investigate the cause of the accident
- Ensure the welfare of victims by providing the necessary financial assistance



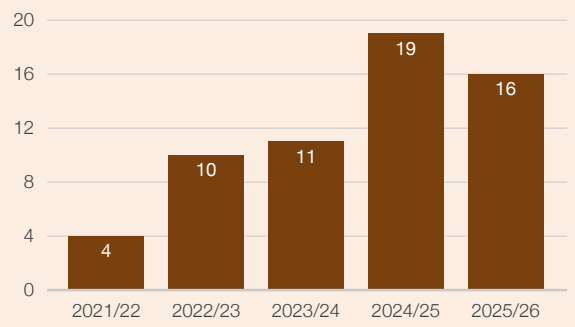
No. of Accidents in 2025/26 – 16



People who reported back to work after accidents: 100%

Health and Safety Performance during 2025/26
In the period under review, we strived to maintain accidents and occupational health hazards equal to or less than two
Complete accident investigation in maximum 7 working days
Replace, modify or rectify 95% of defective tools and equipment, which can cause accidents and hazards, with suitable planned methods.
420 hours training on health and safety

NO. OF WORKPLACE ACCIDENTS



ISO 45001 OCCUPATIONAL HEALTH AND SAFETY COMPLIANCE

During the period under review, we undertook several steps to comply with ISO 45001:2018 requirements, which was last renewed in 2025 This was done to comply with recommendations and gaps which rose from the ISO 45001 progress checks.

HEALTH AND SAFETY AUDITS AND TRAINING

Internally, HSE audits are conducted across the Company through cross-functional teams. Teams have undergone specialised training on environmental issues, pollution control, and sustainability auditing techniques.

420 HOURS OF TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

During the year, our staff underwent 420 hours of training, covering 280 employees

EMPLOYEE ENGAGEMENT INITIATIVES

To boost employee engagement, we implement various activities and approaches across the Company. We do this to improve their motivation, satisfaction and retention, and to ensure that employees feel valued and their voices heard.

Throughout the year, we conducted several programs to encourage engagement between employees and between management and staff members. Furthermore, we strive to cultivate a work culture that lets employees feel empowered to voice their concerns, ideas and feedback in decision-making and in contributing to the Company's growth.

SIERRA SPARK – FAMILY-EMPLOYEE GET TOGETHER 2026

The event took place on a grand scale with entertainment, interactions and food and beverages. The annual program marked a significant event in the employee engagement calendar – bringing together staff and loved ones for an evening of fun in a stress-free environment.

This was our approach to recognising their collective efforts towards the Company's success and was a moment when work-life balance was endorsed for our hardworking employees.













INTERNATIONAL WOMEN'S DAY CELEBRATIONS (2026)

Celebrating our most hardworking female peers, the company organised an informal moment of warmth, laughter and gift-giving. All of our female staff members received a gift and an appreciation, and enjoyed a time of camaraderie.











TARGETS 2026/27

In the upcoming year, we will focus on increasing our efforts to create a more well-balanced work environment through additional engagement activities and outbound programs. We plan to develop employee recognition initiatives – to enhance and empower our staff members and to demonstrate our appreciation more memorably.

Social and Relationship Capital

Our value creation approach was anchored in strong commitment to unwavering product quality, customer satisfaction and responsible market conduct. Moreover, we prioritised customer safety and privacy – ensuring that our customers receive reliable, safe and highly-durable products.

Strategic partnership and empowered dealer network and robust international certifications alongside ethical sourcing and active engagement with suppliers all contributed to sustainable growth.

Highlights

Customers and quality
Increased clientele

International Presence
Increased exports and international presence

Reliability
Strong quality and consistent improvements

Product safety
Use of pure copper and virgin PVC

Product Quality
Ensured via a rigorous QA framework

Incidents
No violations in regulations or non-compliance with safety regulations

Index of Value Creation Primary Activities

- Customer engagement and service responsiveness
- Quality assurance and product reliability
- Customer health and safety
- Customer privacy and responsible communication
- Dealer and distribution network development
- Project market and institutional partnerships
- International market relationships and certifications
- Supplier engagement and responsible sourcing
- Industry associations and external affiliations
- Government and regulatory compliance
- Ethical market conduct and anti-competitive behaviour prevention
- Community support and social contribution
- Customer engagement and service responsiveness

Index of Connectivity and Trade-offs

Capital	Value Creation	Key Trade off
Financial	Sounder customer relationships through market expansions Dealer reach and institutional project participation support revenue growth, market share and long-term profitability.	Marketing, certification, customer support and relationship-building activities require ongoing investment and may create short-term cost pressure.
Intellectual	Customer insights, product certifications, quality assurance knowledge and market feedback strengthen technical credibility, innovation and decision-making.	Maintaining credibility requires accurate product information, continuous compliance updates and disciplined knowledge sharing across teams.
Human	Regular engagement with stakeholders improves employee responsiveness and their tacit knowledge	Higher stakeholder expectations require continuous training, stronger communication discipline and consistent behaviour across all touchpoints.
Natural	Responsible sourcing supports sustainable relationships with customers, suppliers and regulators.	Export growth and wider market demand increase resource use, logistics requirements and environmental expectations.

Related Materiality

Governance, Ethics & Compliance

Products, Innovation & Quality

Customer & Market Engagement

Environmental & Social Responsibility

Full range of material matters on pages 49-53.

Related Stakeholders

Customers

Suppliers

Community/ Society

Regulators

SDGs Alignment



Our social and relationship capital is more than a pillar that supports integrated thinking. It shapes how we create value and is the reason for our sustained operational growth and success. Across the period under review, we enhanced our network of stakeholder relations, deepening our engagement with customers and nurturing partnerships with suppliers, third-party organisations and regulators while taking active steps to improve mutual understanding and community support.



Our stakeholders and engagements with each group is detailed on pages 43-48.

CUSTOMER CAPITAL

Our customers are a crucial part of our primary stakeholder network that is the central force shaping our direction, product development, and priorities in quality and service excellence. Customers bring on board evolving expectations as retail and industry demands ebb and flow, so too regulatory requirements and specifications related to product purpose and usage. Understanding these constant fluctuations and their implicit needs has empowered us to enhance our approach to high-quality and reliable cable solutions.

Our highly customer-focused strategies have reinforced our position as a leader in the industry and have sustained long-term customer loyalty.

KEY CUSTOMER SEGMENTS

We serve several categories of customers across local and global markets, spanning industries such as residential, construction, infrastructure, utilities, industrial clients and export markets.

Our capabilities and production capacities have enabled us to develop over 4,000 tailored solutions to meet the needs of these segments and other niche markets. This has expanded our presence in local and global markets while helping us secure large-scale projects and retain prominent clientele.

KEY CUSTOMER SEGMENTATION AND GROWTH



Dealer market

139% Increase



Project and Institutional market

13% Increase



Export

359% Increase

DEALER AND DISTRIBUTION NETWORK

Dealers are an essential driver of our market growth and end-consumer reach. We operate an extensive dealer network that supports market penetration and timely product delivery. This network has significantly enhanced brand awareness and visibility, positioning Sierra Cables as a preferred choice for residential and commercial power solutions.

SOCIAL & RELATIONSHIP CAPITAL

PROJECT MARKET AND INSTITUTIONAL CLIENTELE

At Sierra, we have a longstanding involvement in high-visibility development and infrastructure projects that are technically demanding and are subject to rigorous regulations. Over the past year, our relationships with leading developers and construction companies have resulted in the provision of wires and cables for landmark development projects. We were entrusted with major commercial and residential projects, which included the following:



These projects demonstrate uncompromising standards and technical accuracy, ensuring safety and endurance. Complying with regulations and industry standards, we ensure:

- Strict adherence to fire safety standards
- Robust technical compliance
- Reliable performance under diverse operating conditions

INTERNATIONAL PRESENCE

Over the past 20 years, we have nurtured relationships and networks that have enabled us to expand business beyond our borders. We now export our products to over 15 countries in various regions, including Asia, Eastern Europe, Australia, North America, and Africa.

MAIN PRODUCT CATEGORIES

- Building Wire
- Outdoor Aluminium Cables
- Outdoor Copper Cables
- Overhead Lines
- Switchgear Cables
- Screened Cables
- Control Cables
- Auto Cables
- Bare Conductors
- Aerial Bundled Cables
- LSHF/FR Cables
- UL Cables

GLOBAL FOOTPRINT



MAINTAINING TRUST IN REGULATED MARKETS

Earning trust beyond claims, we maintain confidence with international buyers through several measures.

- Independently certified manufacturing standards
- Rigorous product traceability
- Transparent quality assurance processes
- A proven export track record
- Sustained compliance with the world's most demanding regulatory regimes

Only SL manufacturer to obtain
UL 44 and UL 854
standards, making us a credible global supplier

Our success in obtaining dual UL certification is the strongest independent validation of our credibility for buyers from the United States and other regulated markets. For buyers from international markets with the need for due diligence on our capabilities, this certification exemplifies that our products and processes align with globally accepted benchmarks in safety and performance.

BUILDING INTERNATIONAL CREDIBILITY THROUGH CERTIFICATIONS

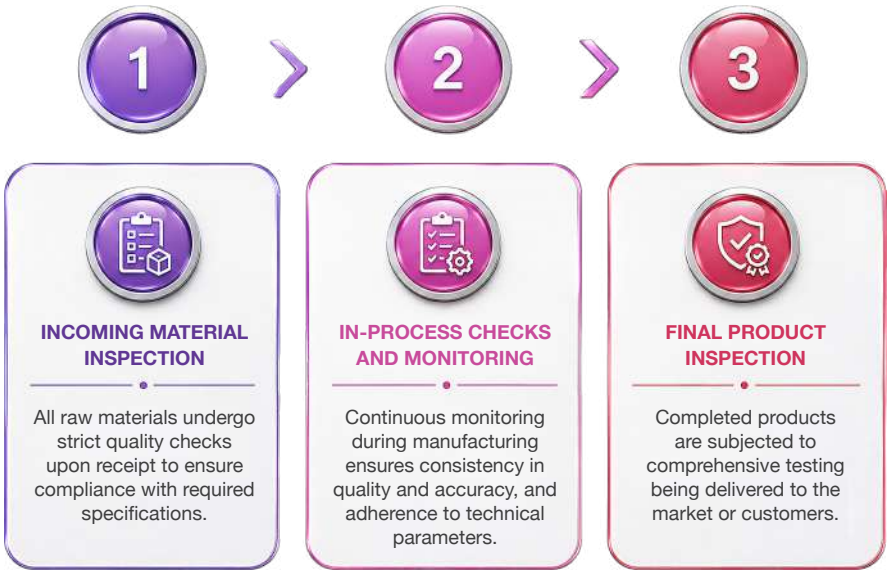
Our international partnerships are supported by a strong certification portfolio that is unparalleled amongst cable manufacturers in Sri Lanka and across South Asia. We remain the only Sri Lankan cable manufacturer to hold both UL 44 and UL 854 certifications, which are among the most rigorous global standards governing thermoset-insulated wires and service-entrance cables.

CREATING VALUE FOR CUSTOMERS

Quality remains a key determinant of our relationship with customers and an attribute that defines how we create strong value for them. As a leading manufacturer with a growing international footprint, we strongly uphold stringent quality standards and protocols across each stage of the production process and product manufacturing. Furthermore, our use of pure copper and virgin PVC compounds further enhances product durability and reliability.

We have demonstrated a strong commitment to quality through rigorous testing and adherence to not only national standards also local standards, with the adoption of ISO and a host of other standards.

FRAMEWORK FOR QUALITY ASSURANCE



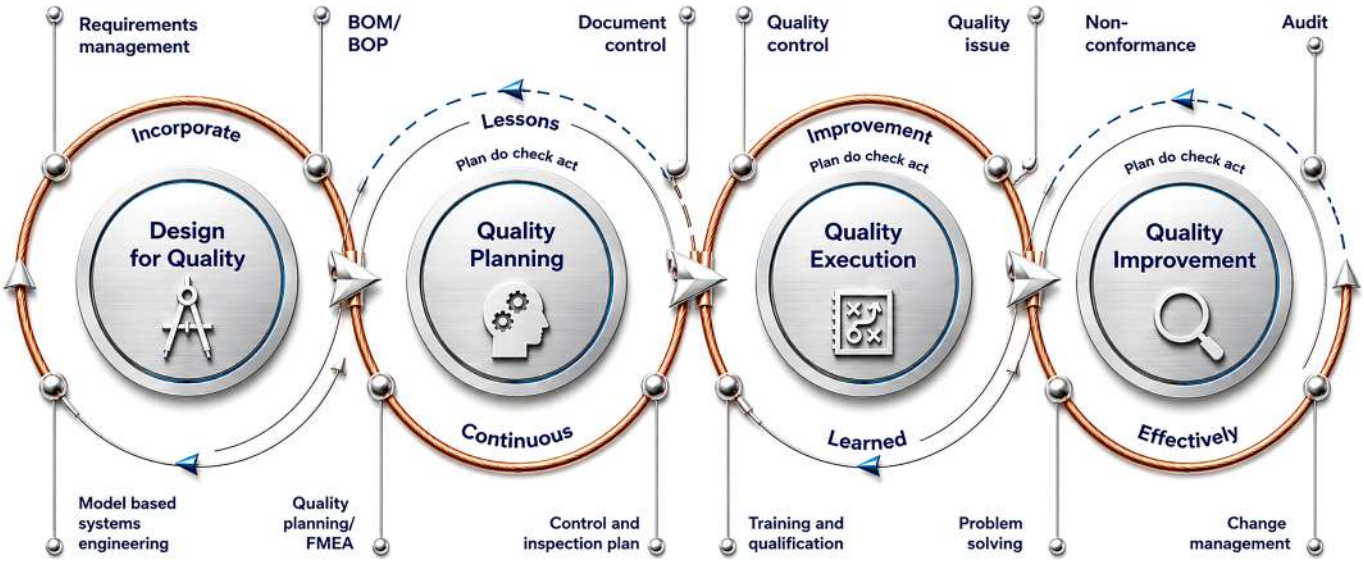
Standards that demonstrate our technical expertise, and excellence in product quality.

- 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

For more information on product innovations and quality please read the intellectual capital report on pages 76-85.

SOCIAL & RELATIONSHIP CAPITAL

ESSENTIAL TESTING



In addition to checks across the production lifecycle, we conduct Megger and Continuity Tests on cables. Heavy-duty cables are subjected to high-voltage testing to confirm performance and safety. Robust quality controls and testing help ensure recognition for special products, such as Low Smoke Halogen Free (LSHF) and Fire Resistant (FR) cables. Testing is an absolute necessity in ensuring the safety and performance of cables in line with various technical, industrial and regulatory parameters.

MARKETING OUTREACH AND CUSTOMER ENGAGEMENT

With the aim of strengthening customer relationships, disseminating accurate information and becoming responsive to customer concerns and inquiries, we have established several approaches to engaging with customers. The following also enhanced our digital presence and improved customer accessibility.

- Predominantly, we use digital (e-mail, WhatsApp and corporate web) communication channels to build rapport and maintain constant communication with customers.
- Social media interactions are also an option when engaging with our local community and in disseminating corporate and product news to overseas clientele.
- We maintain a constant pipeline of customer support to local and international clientele. This is ensured for the prompt resolution of questions and concerns.
- Virtual and physical meetings are also a core method of engagement. Discussions and product demonstrations are conducted in person. Site visits (spot visits and planned visits) are also entertained for clients, as part of the process of assuring our commitment to providing high-quality cables on time and demonstrating our capabilities and capacities for meeting client demands in quality and quantity.
- Our target audiences included Export Countries, Engineers, Architects, Dealers, Neighbouring Community and Electrical Students.
- Social Media – Social media was leveraged to increase awareness of corporate and product details. We capitalised on social media posts across the year and made the required augmentations for increased visibility and interactions.
- Our interactions also included the following,
  - Sponsorships for events
  - PR articles in leading newspapers quarterly
  - Magazine Publications
  - Loyalty Programs for electricians
  - CSR programs
  - Internships



CUSTOMER PRIVACY

We recognise the need for effective communication in ensuring trust and transparency among clients. Therefore, our marketing and communication practices are guided by the values of responsiveness, accountability and dependability.

In ensuring that conversations and exchanges with customers are maintained confidentially, we handle customer data with utmost care. To ensure that our customers' right to information is safeguarded, we disclose all product information in line with their specific requirements and regulatory specifications.



CUSTOMER HEALTH AND SAFETY

Due to the inherent risks involved in cables and energy transmission, customer health and safety are paramount. Therefore, we maintain strict controls and parameters to ensure product safety and to eliminate the use of harmful substances in products. As mentioned across the report, quality remains a top priority while our comprehensive testing protocols ensure safe usage and application of cables.

During the year, we invested prudently in R&D related activities for product innovations and enhancements. This further aligns with more international and local standards and customer specifications. Moreover, we made 05 Product/Categories improvements to enhance safety in several products.



ANTI-COMPETITIVE BEHAVIOUR AND ETHICAL PRACTICES

At Sierra, we uphold an anti-competitive pricing strategy in line with ethical best practices. Throughout the year, we remained fully committed and compliant with all regulations and have not incurred any fines or penalties in relation to anti-competitive practices and monopolistic market practices, thereby safeguarding consumer rights and preserving industry peace.

No incidents of anti-competitive behaviour and unethical practices have been reported during the period under review, this underscores our commitment to ethical conduct.

SOCIAL & RELATIONSHIP CAPITAL

ASSOCIATE COMPANIES

Cross-border operations are supported by our currently operating companies outside Sri Lanka. These entities are our international manufacturing and supply network that advances our technical capabilities and international reach.



These operations leverage our technical expertise and enable deeper engagement with international customers, while simultaneously strengthening our global brand visibility.

SUPPLIERS

Across the value chain, we have focused on superior quality to ensure that our products conform to each and every customer demand, industry and regulatory requirements. Our products are subjected to the highest standards in safety, reliability and high resistance against harsh conditions, ensuring that power is not disrupted.

Our emphasis and focus on quality begins with the inspection of raw materials and rigorous evaluation of raw materials from our base of local and global suppliers. Sourcing decisions are guided by international product standards specific to each customer, industry or export market, while also taking environmental considerations into account.

Supplier relationships are at the heart of what ensures this commitment to quality and consistent reliability.

EXTERNAL ASSOCIATIONS

At Sierra Cables, we continue to improve social and relationship capital through our partnerships with local and international affiliations. These are based on shared pursuits and objectives of industry collaboration, exchange of knowledge and insights, exploring and adopting global best practices and shared focus on improving the industry.

CHAMBER/TRADE ASSOCIATION MEMBERSHIP

Our affiliations are as follows:

Local

- 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

International

- International Chamber of Commerce
- European Chamber of Commerce
- Germany Business Council
- Sri Lanka–Australia–New Zealand Business Council
- Sri Lanka–China Business Council
- Sri Lanka–USA Business Council
- Sri Lanka–Maldives Business Council
- Council for Business with Britain

Memberships in the above organisations and respective collaborations connect us with evolving and improving industry standards and regulatory changes, policy developments, and the identification of international market and trade opportunities.

GOVERNMENT AND REGULATORY AUTHORITIES

We operate with a firm commitment to accountability, transparency and compliance with all relevant regulatory and statutory frameworks within Sri Lanka. Our business and operational activities align with regulations, and we honour them by maintaining compliance each year.

COMPLIANCE LIST

- 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

Emphasising compliance not only strengthens trust among regulators and the Government but also among investors and other stakeholders.

COMMUNITY DEVELOPMENT

The following activities took place during the period under review.



Donation of dry rations and essential supplies to flood-affected communities of Korathota.

SOCIAL & RELATIONSHIP CAPITAL



Donation uniforms for the Oruwala Sumaga Pradeeptha Dhamma School.

Our commitment to supporting underprivileged communities within the broader society was exercised through several programs. Our financial support, time, and resources were extended to the flood-affected families of the year to bring hope and respite to those impacted by Cyclone Ditwah.

We further strengthened community engagement and upliftment by sponsoring events and providing nutritional supplements to underprivileged school children. Moreover, youth development, social infrastructure and educational support were part of our community-oriented efforts.

SPECIFIC PROJECTS COMPLETED DURING THE YEAR UNDER REVIEW.

1. Donation of dry rations and essential supplies to flood-affected communities of Korathota.
2. Donation uniforms for the Oruwala Sumaga Pradeeptha Dhamma School.
3. New Bus Stop Facility at Abagaha Junction, Kaduwela – Enhancing Community Convenience
4. Providing nutritional supplements to the Oruwala Primary School since 2023.
5. Sponsorship of school rugby and cricket tournaments to promote youth development, sportsmanship, and community engagement.
6. Children's Day CSR Initiative – Donation of essential nursery supplies to Angels Stars Nursery, Kaduwela.









TARGETS 2026/27

Strengthening relationships with stakeholders is a continuously prioritised focus for the Company. Understanding stakeholder needs will continue to define our actions and strategies in the coming year, while we take deliberate approaches to further expand our presence and sustain our commitment to satisfying client and industry demands for highly reliable and safe wires and cables. Several areas of focus are under the pipeline within the upcoming financial year. These targets are expected to strengthen brand trust and reputation, while increasingly positioning us as a responsible corporate citizen.

Further, we will reinforce confidence among regulatory authorities and the Government through enhanced compliance and further frameworks that will diversify our approach to sustainable business development and disclosures.

Natural Capital

Our approach to value creation is established on responsible environmental stewardship, efficient resource management and several practices that uphold environmental sustainability, minimising any negative outcomes of our activities.

We have in place an environmental management system that governs the above and ensures compliance alongside circular economic principles. The Company has enhanced its long-term resilience while delivering meaningful impact on the planet.

Highlights

Renewable Energy
25%

Energy Intensity
0.5

Water Usage
21%
Reduction

CO2 Saved from Solar
855.41
tCO_2e

Total CO2 Savings
596,000 Kgs
(5,340T)

Cu.Scrap Rate (2025/26)
0.89%

Index of Value Creation Primary Activities

- Environmental policy
  Regulatory compliance
  Environmental management practices
- Resource stewardship and raw material efficiency
- Eco-friendly product options, including XLPE, LSHF, solar/PV and RoHS-compliant options
- Energy monitoring
  Energy efficiency measures
- Renewable energy use through solar power
- Water stewardship and recycling
- Waste management, segregation and safe disposal
- Circular economy initiatives and scrap recycling
- Supplier environmental encouragement and sustainability expectations

Index of Connectivity and Trade-offs

Capital	Connectivity/Value Creation	Key Trade-off
Financial	Gains and savings from efficiency, waste reduction and energy savings	Higher production increases material and energy costs.
Manufactured	Improved machinery Enhanced process controls Production reliability	Capacity expansion increases resource use and maintenance needs.
Intellectual	EMS targets, testing, monitoring Improved process know-how Excellent product quality	Requires continuous data, training and system discipline.
Human	Employee training in occupational safety and environmental awareness	Greater controls require time, behaviour change and ongoing engagement.
Social and Relationship	Customer-focused eco-products Regulatory compliance Market credibility	Supplier readiness and customer specifications may affect adoption pace.

Related Materiality

Environmental & Social Responsibility

- Environmental stewardship

Related Stakeholders

Customers | Employees | Community/ Society | Suppliers | Regulators

SDGs Alignment

SUSTAINABILITY BEST PRACTICES

At Sierra Cables, our natural capital is the foundation that sustains operations and our objectives for long-term value creation. What we consume as natural resources includes metal materials, such as copper and aluminium-based products and by-products, renewable and non-renewable energy, water from two sources and land, which sustain our entire production cycle and enable us to successfully deliver high-quality wires and cables. We recognise the finiteness of these resources and their importance to the Company as well as the community. This is why we have prioritised efficient resource use, pollution prevention through responsible waste management and carbon footprint reduction.

Importantly, our approaches to environmental sustainability and resource stewardship have provided the backdrop to minimise any negative impacts on the environment and the community surrounding our factory in Kaduwela.

ENVIRONMENTAL POLICY

We are committed to conducting all operations with the least possible negative impact on the environment. In committing to this assurance, our efforts are structured and governed by the Company Environmental Policy, developed on an all-inclusive approach to environmental sustainability and protection. Across our facilities and operational processes, we have integrated relevant best practices, supported by the internal policy, which also complements local and international best practices and standards.

Furthermore, environmental regulations and other legal requirements have also been incorporated into our focus on safeguarding the environment and in minimising the negative impacts from operational activities.

The policy entails the following specific areas of focus:



- **Resource stewardship** – Minimise the use of raw materials and non-renewable energy sources by increasing renewable energy dependence and other natural resources.
- **Waste management** – Identify waste streams and adopt practices to minimise waste.
- **Suppliers** – Encourage suppliers to adopt practices towards environmental protection.
- **Training** – Provide the required awareness to achieve more environmentally responsible staff.

ENVIRONMENTAL OBJECTIVES AND OUTCOMES (2025/26)

The following captures our commitment to resource monitoring and responsible consumption.

Policy Item	Measurement	Objectives 2025/26	Outcomes
Raw materials	% of scraps against the production	⊙ Copper scraps to reduce ≤0.80% ⊙ Aluminium + alloy scraps to reduce ≤0.70 ⊙ PVC scraps to reduce ≤0.0% ⊙ XLPE scraps to reduce ≤4.0%	⊙ Copper Scraps – 0.89% ⊙ Aluminium + alloy scraps-0.66% ⊙ PVC Scrap – 1.53% ⊙ XLPE Scrap – 3.37%
Energy	Production value per kWh of electricity units	⊙ Average production in weight per 1kWh of electricity unit to be not less than 1.3 kg	⊙ Production value per kWh of electricity units – 1.93Kg
Natural resources	Production value per m^3 of water	⊙ Reduce the monthly water usage for machine purposes by 5% from baseline in FY 24/25 ⊙ Reduce the monthly water usage for non-machine purposes to 800 m^3	⊙ 3020 kg/m^3
Communication and awareness	% of trained employees	⊙ 90% of trained employees (overall) for environmental conservation	⊙ 95% of trained employees

Responsibility for the above objectives has been assigned to the Production Manager, Electrical Engineering, SME and the Human Resources functions, respectively.

REGULATORY COMPLIANCE AND RESPONSIBILITY

Committed to environmental stewardship, we maintain strict oversight of our operational activities to ensure that our duty towards the environment is maintained to the highest standards.

Compliance is embedded in operational processes through continuous monitoring and tracking progress against environmental objectives, documentation and compliance with guidelines issued by the Central Environmental Authority (CEA) and the Sri Lanka Standards Institution (SLSI), and according to the ISO 14001 Environmental Management Standard (EMS).

We ensure that our sustainability practices are aligned with these frameworks and global best practices and ensure our commitment to responsible manufacturing and long-term environmental stewardship.

RESOURCE STEWARDSHIP

Sierra Cables' resource dependency is mainly linked to metallic materials (copper, Aluminium, Aluminium Alloy), polymer compounds (PVC, PE, XLPE, PVC-FR, XLPE-FR, FRLS, LSHF), packaging materials (Stretched film, wooden drums/pallets, label, etc.). Utilities such as industrial water, compressed air, and electricity are used in cable manufacturing. Additionally, we rely on packaging materials from paper-based sources.

MATERIAL CONSUMPTION AND MANAGEMENT

Material management is tightly interwoven with our quality mandate. This includes 100% unit checks on each batch of material. Materials are also subject to laboratory testing and condition verification before and after production.

- Areas of focus when selecting materials:
- Commitment to the highest quality
- Commitment to customer satisfaction
- Environmental considerations
- Alignment with regulatory requirements

During the year, total raw material consumption has increased by 146% compared to 2024/25. This is the result of increased capacity and production volumes in response to higher demand from export countries, our foray into the US market and local demand.

MEASURES TO REDUCE RAW MATERIAL CONSUMPTION

Measures include production planning to minimise changeover losses, process parameter control in extrusion, online inspection to reduce nonconforming output, segregation and recovery of conductor/polymer scrap, reuse of suitable rework, improved material handling, preventive maintenance, operator training, yield monitoring and EMS scrap-reduction targets.

ECO-FRIENDLY OPTIONS

Sierra Cables manufactures and promotes product options with lower environmental and safety impacts where customer specifications require them, including XLPE insulated cables, low-smoke halogen-free (LSHF) cables, solar/PV cables and RoHS-compliant material options. Further opportunity exists to increase halogen-free sheathing, higher recycled-content packaging and supplier environmental declarations for polymer compounds.

ENERGY CONSUMPTION

Our operations rely heavily on two sources of energy: over 74% of our energy requirements are sourced from the national grid, and one-fourth of our consumption is fulfilled through solar power generation. During the period under review, our total consumption of energy has risen by 57%, reflecting the higher production, which corresponds with increased demand and higher quantities.



Total Energy Consumed (2025/26)

17,080.87 GJ

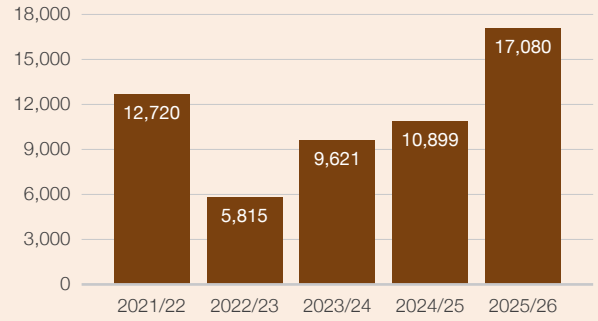


Total Non-Renewable Energy Consumed (2025/26)

12,675 GJ

	2021/22	2022/23	2023/24	2024/25	2025/26
Total Energy Consumption (Gj)	12,720	5,815	9,621	10,899	**17,080**
Renewable Energy (%)	35.93	85.26	52.14	39.32	**25.19**
Non-Renewable Energy (%)	64.07	14.74	47.86	60.68	**74.81**
Energy Intensity (kWh/unit)	0.52	0.8	0.67	0.71	**0.51**

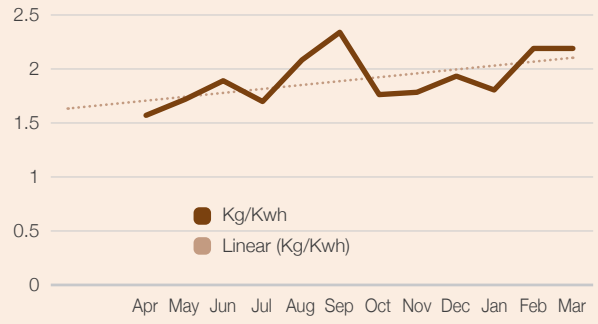
TOTAL ENERGY CONSUMPTION (Gj)



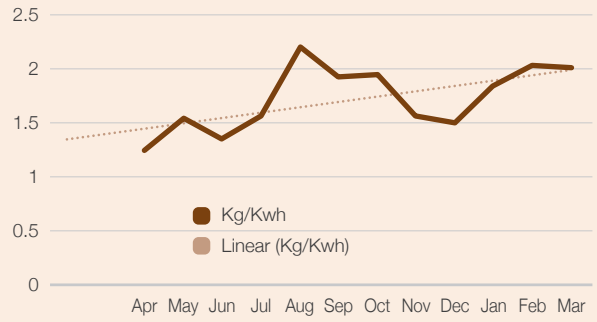
ENERGY CONSUMPTION MANAGEMENT

Energy consumption is regularly monitored and evaluated against production output to improve operational efficiency and support sustainability objectives. Energy optimisation initiatives are continuously implemented across manufacturing operations.

ANALYSIS OF ENERGY CONSUMPTION WITH PRODUCTION WEIGHTS IN THE 2025-2026 FINANCIAL YEAR (Kg/Kwh) (Months)



ANALYSIS OF ENERGY CONSUMPTION WITH PRODUCTION WEIGHTS IN THE 2024-2025 FINANCIAL YEAR (Kg/Kwh) (Months)



ENERGY-CONSCIOUSNESS

Sierra Cables PLC is dedicated to maintaining a culture of energy-consciousness for optimum usage of energy without excessive consumption. Several measures to efficiently utilise electricity have been established across the plant and office premises of the complex in Malabe.

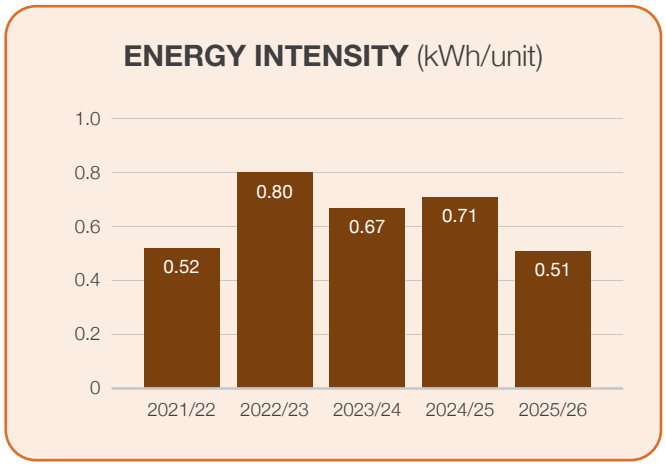
Energy efficiency programs, such as installing Variable Frequency Drives (VFDs) and using electric material-handling equipment, help to reduce energy consumption and improve environmental performance.

Necessary machinery has been improved (e.g. change in motor drives from DC to VF drive) to reduce power demand, thereby incurring daily power savings.

NATURAL CAPITAL

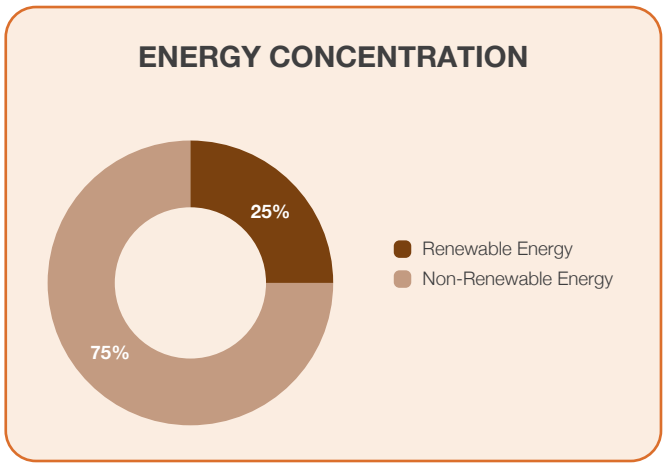
OUTCOME OF ENERGY EFFICIENCY MEASURES - ENERGY INTENSITY

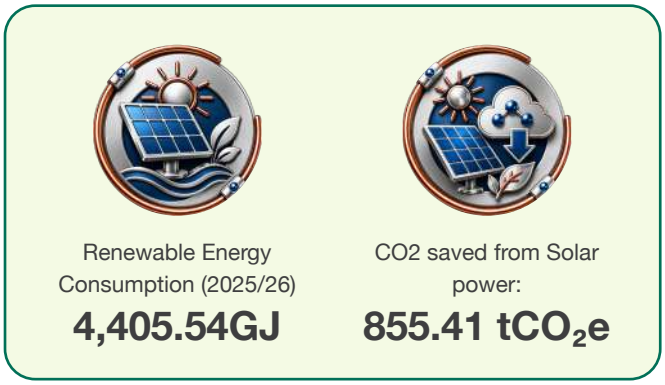
In comparison to the previous five financial years, 2025/26 showed the best efficiency at 0.5. This is linked to the significant increase in production volume and better energy efficiency measures in place.



RENEWABLE ENERGY

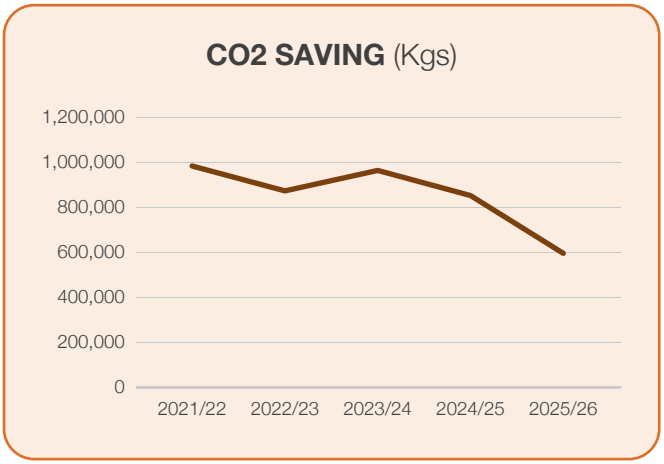
During the period under review, 25% of our operational activities were powered by solar-generated power. This translates into over 4,400 GJ of energy, which has increased in line with our energy requirements.





CO2 SAVINGS

During FY2025/26, we have achieved a total CO2 saving of over 596,000 Kgs (5340 Tonnes)

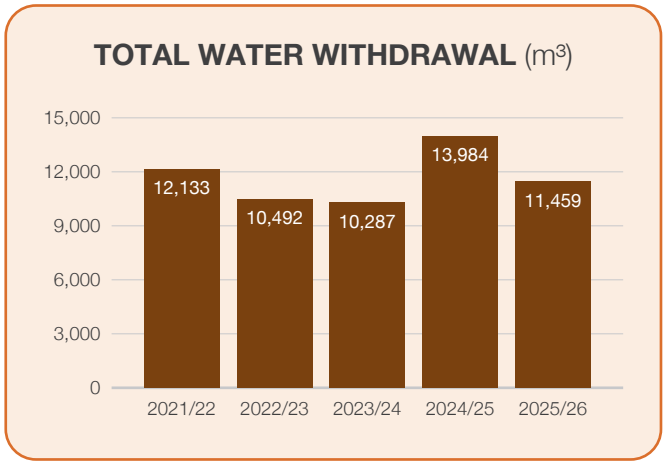


WATER STEWARDSHIP

The Company utilises water prudently, with a total water withdrawal of 11459m3 in the year under review. This includes groundwater (78%) and municipal pipe water (17.6%), used mainly for production purposes.

Water consumption has resulted in a 21% reduction in the period under review, due to prudent measures to conserve water during production processes through recycling.

Year	2021/22	2022/23	2023/24	2024/25	2025/26
Total Water Withdrawal (m³)	12,133	10,492	10,287	13,984	**11,459**
Y-O-Y Change (%)	-	-14	-3	43	**-21**
Municipal (%)	11.1	8.85	10.9	10.85	**17.65**
Groundwater (%)	89.1	91.15	89.10	85.63	**78.25**
Water Recycled (%)	-	-	-	4.1	**5.21**



DEMINERALISED WATER TREATMENT PLANT

In 2024, we commissioned a 10 m³ per day demineralised water treatment plant at our Kaduwela facility, designed, installed, and commissioned by Prudence Engineering Services (Pvt) Ltd, a CEA-registered wastewater consultant. The plant draws from an on-site well source and processes it through a multimedia pre-filtration stage followed by a fully automated Reverse Osmosis (RO) system, producing high-purity demineralised water for operational use.

As part of the plant's water-efficient design, the RO reject stream, approximately 30% of feed volume, is redirected for on-site gardening use rather than being discharged, reducing overall water wastage. Treated water consistently meets stringent quality benchmarks, including TDS below 20 mg/L, conductivity below 10 µS/cm, and pH within the 6.5–8.5 range, with microbiological parameters maintained at non-detectable levels.

This investment underscores our commitment to responsible water stewardship and sustainable operational practices.

WASTE MANAGEMENT

As a wire and cable manufacturing plant, our production facility produces three primary types of waste. Manufacturing waste mainly includes



CONSUMPTION AND WASTAGE COMPARISON

	Wastage (Kgs)	Wastage (% of total consumption)
Cu	16,553	0.89%
Aluminium	15,021	0.66%
Alloy	269	0.01%
PVC	29,200	1.53%
XLPE	34,066	3.37%
Steel	397	0.10%

At our production facility, waste remains at a minimal level, particularly metal waste, due to the extreme care taken in optimising material usage and in eliminating waste throughout the production process.

Waste types are recorded separately, such as non-hazardous production scrap, packaging/general waste, and hazardous waste. Records such as waste registers, scrap-sale records, recycler documents and disposal certificates are attached as supporting evidence.

Types of waste generated at our Kaduwela manufacturing facility

Waste Type	Description	Handling Method
Metal Waste (Copper and Aluminium Offcuts)	Offcuts and trimmings from wire drawing, stranding, and cutting processes.	Recycled or repurposed Collected and sent for metal recycling.
Plastic and Polymer Waste (PVC, XLPE, PE, etc.)	Insulation and sheathing scraps from extrusion and trimming.	Recycled where possible; nonrecyclable XLPE is often sent for thermal destruction.
Mixed Cable Scrap	Combined metal–plastic waste requires separation.	Mechanical separation followed by recycling of individual components.
Organic Chemical Waste	Residues from insulation production contain organic compounds.	Treated through distillation, chemical treatment, or controlled disposal.
Wastewater	Generated from the production process.	Dewatered and disposed of according to environmental regulations; sometimes repurposed.
General Industrial Waste	Packaging materials, wooden reels, paper, pallets, and nonhazardous waste.	Reuse, recycling, or disposal, depending on the material type.

REDUCE-REUSE-RECYCLE PHILOSOPHY

Sierra Cables manages waste under the reduce-reuse-recycle-recover hierarchy. Production scrap, such as copper, aluminium, PVC/XLPE, rejected cable, wooden drums and packaging is segregated at source.

APPROACHES TO WASTE MANAGEMENT

We are consciously and actively committed to responsible waste management practices through sustainable operational conduct. We have primarily adopted the 3Rs approach to waste reduction and management. Moreover, by adopting regular frameworks, we have enhanced our commitment to preserving the environment and to promoting resource efficiency.

WASTE MANAGEMENT BEST PRACTICES INCLUDE:

- Segregation at source
- Recycling through approved recyclers
- Reuse of recoverable materials where applicable
- Safe disposal methods for non-recyclable waste such as XLPE waste sent to INSEE Eco cycle Lanka (Private) Limited to be thermally destroyed at a temperature above 1450°C.

HAZARDOUS SUBSTANCES

Typical chemical/material inputs include PVC compound, XLPE compound, FR-XLPE compound, LSHF compound, colour masterbatch, UV stabilisers, antioxidants, flame-retardant additives, fillers, processing aids, conductor drawing lubricants, hydraulic oils, greases, inks/solvents for printing and cleaning agents used in maintenance/laboratory activities.

We have taken steps to actively and consciously ensure that PVC-based materials and XLPE are not disposed of in the environment directly or indirectly. Harmful waste such as used oil, filters, contaminated rags and related maintenance waste is stored separately in labelled/secure areas and disposed of through authorised contractors.

Chemical procurement and handling are controlled through approved supplier purchasing, SDS/MSDS availability, incoming verification, labelled storage, use of PPE, employee training, emergency spill response, hazardous-waste segregation and disposal through authorised/licensed contractors in line with ISO 14001, ISO 9001 and ISO 45001 requirements.

CIRCULAR ECONOMY

As part of our efforts towards environmental sustainability, we have adopted initiatives to reduce, reuse and recycle materials, thereby creating a circular economic impact. With active steps in place to gather various types of material waste and scrap, we continue to find alternatives to enhance and advance material sustainability.

The following methods enable us to manage waste effectively and promote material recycling, while supporting environmentally responsible manufacturing practices.

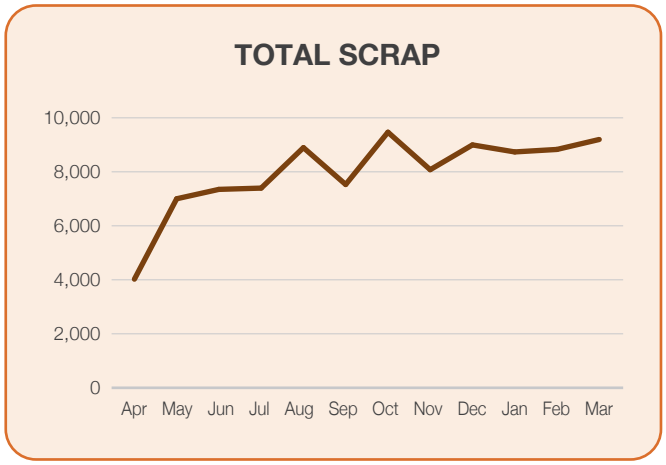
SCRAP RECYCLING

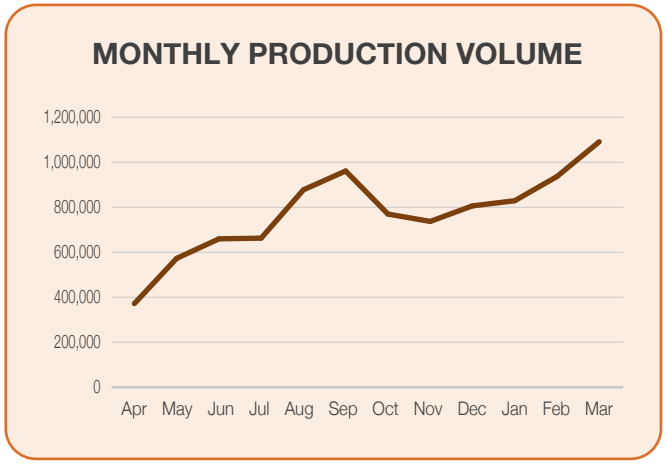


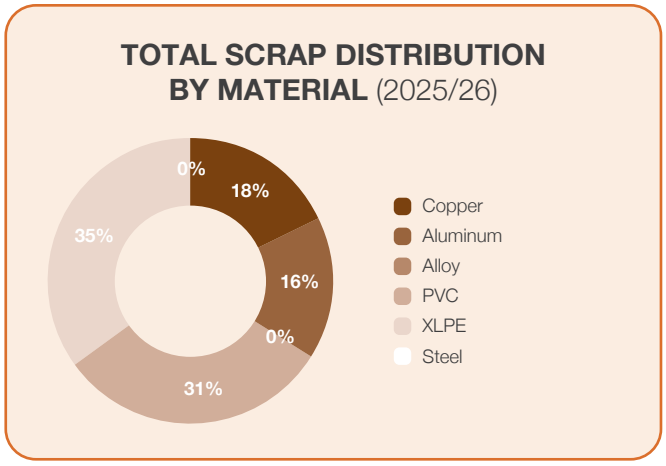
- PVC scrap generated from cable manufacturing operations is systematically collected, segregated, and processed for reuse in secondary industrial applications. The crushed PVC material is utilised in the manufacture of shoe soles and other by-products.

Scrap rate declined from 1.62 in 2024/25 to 1.05 in 2025/26

due to our commitment to the highest levels of efficiency through pragmatic production planning and thorough inspections for the best quality – from raw materials to final product.







Scrap Efficiency Metrics		
	Value	**Interpretation**
Scrap Rate Improvement		Reduction in scrap rate
Average Monthly Scrap Growth	+2.5%	Month-over-month average



32 MT
of aluminium waste

64 MT
of safely disposed insulation material

One notable advancement is the use of Low Smoke Halogen Free (LSHF) materials, which reduce the release of toxic and corrosive gases during various heating and firing conditions. These materials improve safety, minimise environmental impact, and comply with modern regulatory and customer requirements for sustainable and safer cable solutions.

NATURAL CAPITAL



TARGETS 2026/27

The Company will continue to uphold its commitments to environmental sustainability, including better strategies to reduce electricity consumption, increase renewable energy reliance and conduct awareness programs amongst staff and suppliers to raise their commitment to the right mindset in being eco-conscious and aligning their actions accordingly.

Governance and Risk



SUSTAINABILITY AND CLIMATE-RELATED FINANCIAL DISCLOSURES

SLFRS S1 — GENERAL REQUIREMENTS FOR DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION
SLFRS S2 — CLIMATE-RELATED DISCLOSURES

1. BASIS OF PREPARATION

1.1. WHO WE ARE AND WHAT THIS COVERS

These disclosures present the sustainability and climate-related financial information of Sierra Cables PLC and its subsidiaries, prepared on a consolidated basis for the financial year 1 April 2025 to 31 March 2026. Sierra Cables PLC is listed on the Colombo Stock Exchange (CSE: SIRA.N0000) and headquartered in Kaduwela, Sri Lanka.

The Company is presenting its sustainability and climate-related financial disclosures for the first time in compliance with SLFRS S1 and SLFRS S2, the Sri Lanka Financial Reporting Standards on sustainability and climate-related disclosures issued by CA Sri Lanka, aligned with IFRS S1 and IFRS S2 of the International Sustainability Standards Board (ISSB), in line with CSE reporting requirements for 2025/26. The Company is fully committed to strengthening and expanding these disclosures across all aspects of the standards in future reporting cycles.

These disclosures are structured around the four-pillar framework of Governance, Strategy, Risk Management, and Metrics and Targets as required by the standards.

1.2. OUR VALUE CHAIN

	How We Operate
Upstream (What We Source)	Our main raw materials are copper, aluminium, alloy, PVC compounds and XLPE, sourced from both local and international suppliers. Every incoming material is inspected before it enters production.
Our Operations (What We Make)	We manufacture at our 17-acre facility in Kaduwela, with an annual production capacity of 3,000 MT of copper cables and over 2,400 MT of aluminium cables. Our facility is certified to ISO 9001:2015 (quality), ISO 14001 (environment) and ISO 45001:2018 (safety). Also, a dedicated plant for UL cable Manufacturing, the first of its kind among Sri Lankan cable manufacturers, supports our USA export business. Around a quarter of our energy comes from on-site solar power.
Downstream (Who We Serve)	We serve four segments: the Ceylon Electricity Board and institutional clients, our dealer network, project-based clients, and export customers. Our cables reach markets across the Asian region, Eastern Europe, Oceania, North America, and several destinations in Africa. Locally, we serve both the construction and power infrastructure sectors.

1.3. HOW WE DETERMINE WHAT IS MATERIAL

We consider sustainability information material when it could reasonably be expected to influence an investor's, lender's or creditor's view of our future prospects. We apply both a quantitative test, a likely effect of ±5% on the three-year average operating profit, or ±3% on total equity, and a qualitative test, including significant regulatory change, stakeholder concern, or reputational risk. Material topics feed directly into our Integrated Risk Management framework.

1.4. TIME HORIZONS WE PLAN AGAINST

Horizon	How We Think About It
Short Term (0–3 years)	Day-to-day operational efficiency, compliance with regulations and standards, and continued solar energy expansion.
Medium Term (3–7 years)	Adapting to climate and market shifts through new product development, including LSHF, solar-compatible and fire-resistant cables and deeper penetration into export markets.
Long Term (7+ years)	A step-by-step transition toward lower-carbon manufacturing, aligned with Sri Lanka's Carbon Net Zero 2050 Roadmap.

2. GOVERNANCE

2.1. THE BOARD'S ROLE

The Board of Directors holds ultimate responsibility for sustainability and climate-related matters at Sierra Cables. Rather than treating ESG as a separate agenda item, the Board embeds these considerations into the core of how we make decisions, from approving major capital investments to setting company policy.

The Board has adopted an ESG Sustainability Policy with targets through to 2030, covering environmental, social and governance dimensions. Progress is tracked through defined KPIs and reported annually. All major investment decisions, including the Rs. 2 Bn capital expenditure program in FY2025/26, which included a dedicated UL-certified plant and export warehouse complex, are evaluated against sustainability criteria before approval.

2.2. COMMITTEES AND ACCOUNTABILITY

Committee / Role	Responsibility for Sustainability and Climate Matters
Audit Committee	Reviews the consistency of sustainability-related financial disclosures against the audited financial statements.
Executive Director / Managing Director	Leads the day-to-day execution of the Board's approved sustainability strategy.

2.3. HOW IT FLOWS TO THE BOARD

- Environmental compliance updates, including the status of our CEA Environmental Protection License and ISO certifications, are reviewed through the Board's management reporting cycle.
- Sustainability and climate risks are monitored against KPIs as part of core management reporting, not as a separate exercise.
- Skill gaps, at the management level, are identified through the annual performance review process and addressed through training. Compliance with environmental regulations and labour laws is embedded in employee KPIs.

SUSTAINABILITY AND CLIMATE-RELATED FINANCIAL DISCLOSURES

3. STRATEGY

Our strategy section identifies the sustainability and climate-related risks and opportunities that we believe could most affect Sierra Cables, our people, our operations, our customers, and our financial performance. We look at these through two lenses: sustainability-related (SRRO) and climate-related (CRRO).

3.1. SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

Topic	Type & Horizon	What It Means for Us	What We Are Doing
Environmental Compliance	Risk Short–Long	We must maintain our CEA operating licenses and SLSI certifications at our Kaduwela facility. Any lapse carries both regulatory and reputational consequences.	Zero violations or fines in FY2025/26. Environmental Protection License maintained. ISO 14001-aligned practices govern our site.
Occupational Health and Safety	Risk Short–Medium	Manufacturing carries inherent safety risks. Keeping our people safe is both a moral responsibility and a business priority.	ISO 45001:2018-aligned OH&S system in place. Targets: ≤2 accidents per year; 95% replacement of defective equipment. Cross-functional HSE audits conducted annually.
Energy Cost Management	Risk Short–Medium	Our energy costs are tied to the national grid tariff. As production grows, managing this exposure is increasingly important to protecting our margins.	Solar power now supplies approximately 25% of our total energy needs, generating 4,405.54 GJ and saving 855.41 tCO_2e in FY2025/26. Energy intensity improved to 0.5, our best performance in the past five years.
Export Market Access — UL Certification	Opportunity Short–Long	Our UL 44 and UL 854 certifications provide access to highly regulated markets, particularly North America, a distinction held by no other cable manufacturer in Sri Lanka.	Export revenue grew 359% year-on-year, contributing 31% of Group revenue in FY2025/26. The dedicated UL cables manufacturing plant, established this year, supports continued growth.
Low-Carbon and Fire-Safe Products	Opportunity Medium–Long	Customer and regulatory demand for LSHF, fire-resistant and solar-compatible cables is growing. Our R&D investment positions us well to capture this.	Active development in LSHF/FR formulations, RoHS-compliant options and solar/PV cables. First fire-testing, high-end laboratory of this kind in Sri Lanka, established in-house.

3.2. CLIMATE-RELATED RISKS AND OPPORTUNITIES

Topic	Type & Horizon	What It Means for Us	What We Are Doing
Flooding — Kaduwela Facility	Physical Risk Short–Long	Our manufacturing facility sits in the Kelani River floodplain. During Cyclone Ditwah in November 2025, the Kaduwela area was within the flood alert zone, a real and current example of the physical climate risk we face.	We maintained operational continuity. Flood preparedness is integrated into our operational risk management. We monitor the Kelani River basin early-warning systems and have arranged staff transport through safe routes to ensure uninterrupted operations during flood events.
Raw Material Supply Disruption	Physical and Transition Risk Short–Medium	Climate-related weather events and geopolitical tensions can disrupt the supply and pricing of copper, aluminium, PVC and XLPE, all critical to our production.	Centralised procurement with proactive buffer-stock management. Import supply efficiency: 97% against a 95% target. Zero material loss against the invoices. Supplier base diversified across multiple source regions.
New Carbon Regulations	Transition Risk Medium–Long	Mandatory SLFRS S1/S2 disclosure, potential carbon pricing, and mechanisms like the EU Carbon Border Adjustment Mechanism (CBAM) on metal-intensive imports are emerging realities.	We have voluntarily adopted SLFRS S1/S2 ahead of the mandatory Phase 2 deadline. All management is trained on standards. This section is the outcome of that work.
Buyer Demand for ESG Data	Transition Opportunity Medium–Long	Export buyers, particularly in North America and Europe, increasingly require carbon and sustainability data as part of their procurement and qualification processes.	UL certification, our in-house fire-testing capability, and SLFRS S1/S2 disclosures together form a credible evidence base for international buyers.

3.3. CLIMATE SCENARIOS — HOW WE TESTED OUR RESILIENCE

We assessed how Sierra Cables would fare under three different climate futures, applied to our two most material climate risks:

FLOODING AT KADUWELA (CRRO 01)

Scenario	What It Means for Sierra Cables
A. Orderly Transition (Net Zero pathway)	Our on-site solar capacity shields operations from disruptions to hydro-dependent grid power during such events. Early adoption of sustainability disclosure standards and renewable energy investment positions the Company to benefit from growing green market preferences.
B. Current Pathway (Moderate disruption)	Events similar to Cyclone Ditwah recur periodically, causing localised and time-limited production disruptions. These are managed through buffer inventory and supply chain flexibility.
C. Divergence (Severe disruption)	More frequent and severe flooding across the Kelani catchment may pose challenges to staff commuting and site access. The Company experienced no production loss or asset damage during such events, and raw material inflows and export logistics were maintained. Staff transport arrangements through safe routes ensured operational continuity was preserved throughout.

NEW CARBON REGULATIONS (CRRO 03)

Scenario	What It Means for Sierra Cables
A. Orderly Transition (Net Zero pathway)	Our voluntary early adoption of SLFRS S1/S2 and active solar programme gives us a head start. The Company is well-positioned to meet mandatory Phase 2 compliance and to use ESG disclosure maturity as a differentiator with export buyers.
B. Current Pathway (Moderate disruption)	Regulatory requirements tighten gradually. Our existing compliance investment keeps us ahead of less-prepared competitors, though a formal GHG inventory will be needed to sustain this advantage.
C. Divergence (Severe disruption)	Sudden carbon pricing and CBAM on metal-intensive products raise costs sharply. Suppliers without GHG data risk exclusion from regulated-market tenders. Our early disclosure investment is a protective factor.

4. RISK MANAGEMENT

We do not manage sustainability and climate risks separately from the rest of the business. They sit within our Integrated Risk Management (IRM) framework, assessed by the same people, using the same process, and reported to the same Board committee as any other material risk.

4.1. HOW WE IDENTIFY AND ASSESS RISKS

Stage	How It Works
Identify	The Production, Procurement, Sales, Engineering and HR functions periodically assess emerging sustainability and climate-related risks. Key inputs include production and sales data, procurement reports, CEA compliance monitoring and OH&S records.
Assess	Each risk is assessed qualitatively, for its impact on our business model, value chain and strategy and, for our two most material climate risks, quantitatively through the three-scenario analysis set out in Section 3.3.
Prioritise	Risks are prioritised by likelihood of occurrence and financial or reputational impact, applying the materiality thresholds described in Section 1.3. Climate risks are a distinct category within the IRM Committee's reporting cycle.
Monitor	SRROs and CRROs are tracked against the targets and KPIs set out in Section 5. Environmental performance is reviewed monthly by the Production Manager and EHS team, and quarterly at the management level.

SUSTAINABILITY AND CLIMATE-RELATED FINANCIAL DISCLOSURES

4.2. HOW WE RESPOND

- We maintain proactive supply chain management, buffer stocks, diversified sourcing across multiple regions, and close supplier monitoring, to protect against climate- and geopolitical-driven disruption.
- We invest in energy efficiency and solar power to reduce our exposure to grid tariff volatility.
- We continue developing fire-safe and lower-carbon product lines to ensure our portfolio stays relevant as buyer and regulatory expectations evolve.
- We have adopted SLFRS S1/S2 ahead of the mandatory Phase 2 deadline, giving us a compliance head start and building investor confidence.

5. METRICS AND TARGETS

5.1. GHG EMISSIONS

Sierra Cables is building its GHG reporting capability in line with SLFRS S2 and the GHG Protocol. The table below reflects where we stand today.

Metric	FY2025/26
Renewable energy generated (solar)	4,405.54 GJ
Renewable energy as a share of total energy	25%
Energy intensity	0.5
CO_2 saved from solar power generation	855.41 tCO_2e
Water consumption	21% reduction vs prior year
Total circular material recovery (scrap recycled/reused)	596,000 kg (5,340 MT)
Direct GHG Emissions — Scope 1	Formal inventory in progress.
Indirect GHG Emissions — Scope 2 (grid electricity)	To be completed using the national grid emission factor.
Scope 3 (selected value-chain categories)	In progress, targeted for FY2026/27.

5.2. SUSTAINABILITY PERFORMANCE — METRICS, TARGETS AND PROGRESS

What We Measure	Metric	Target	FY2025/26 Result
Environmental compliance	Violations/fines	Zero	⊙ Zero violations or fines. CEA licence maintained.
Copper scrap rate	% of copper processed	≤ 0.80%	0.89% — narrowly above target; improvement action ongoing.
Aluminium and alloy scrap rate	% of aluminium/alloy processed	≤ 0.70%	⊙ 0.66%
PVC insulation scrap rate	% of PVC processed	≤ 2.0%	⊙ 1.53%
XLPE processing scrap rate	% of XLPE processed	≤ 4.0%	⊙ 3.37%
Customer complaints	No. of complaints received	Zero	⊙ Zero complaints.
Customer feedback response	100% feedback within 5 working days	100%	⊙ Achieved.
Plant availability	Uptime rate	≥ 99%	⊙ Achieved.
Preventive maintenance	Man-hours per month	> 400 hrs/month	⊙ Achieved.
Import supply efficiency	% of imports on time and to spec	> 95%	⊙ 97%
Local supply efficiency	% of local materials on time	> 90%	⊙ 93%
Material loss vs invoice value	% loss	< 1.8%	⊙ 0%
Labour turnover	Annual turnover rate	< 1%	9% — above target; retention programme under review.
Training plan implementation	% of annual training plan delivered	> 90%	⊙ 92%
Overall material wastage rate	Combined wastage %	Reduce year-on-year	⊙ 1.1% (FY2025/26) vs 1.62% (FY2024/25).

5.3. CLIMATE METRICS, TARGETS AND PROGRESS

What We Measure	Metric	Target	FY2025/26 Result
Flood resilience — Kaduwela	Production downtime from flood events	Zero unplanned downtime	⊙ Operations maintained through the November 2025 Cyclone Ditwah event.
Supply chain disruption	Import supply efficiency	> 95%	⊙ 97%. Zero significant supply disruptions despite geopolitical pressures.
SLFRS S1/S2 compliance	Adoption status	On track for Phase 2	⊙ Voluntarily adopted in FY2025/26. Zero regulatory non-compliances.
Solar energy and GHG avoidance	Renewable energy share; tCO_2e avoided	Maintain and grow	⊙ 25% renewable; 855.41 tCO_2e saved; energy intensity 0.5.

6. OUR PATH FORWARD

We see this as the beginning of a journey, not a compliance exercise. The table below sets out the five priorities that will drive our sustainability and climate strategy in the years ahead.

Priority	What We Are Committed To
Staying ahead on disclosure	We adopted SLFRS S1/S2 voluntarily, ahead of the mandatory Phase 2 deadline and we intend to publish our first full Scope 1 and Scope 2 GHG inventory in our FY2026/27 Annual Report.
Reducing our carbon footprint	Our solar programme already covers 25% of our energy needs and saved 855.41 tCO_2e this year. We will continue to expand solar capacity and set SMART emissions reduction targets aligned with Sri Lanka's NDCs.
Leading in regulated export markets	Our UL 44 and UL 854 certifications, combined with credible SLFRS S1/S2 disclosure, give us a compelling package for buyers in North America and Europe who want certified products and transparent supply chains.
Using materials more efficiently	We recovered 596,000 kg of materials through circular economy practices in FY2025/26. We will continue reducing scrap rates across all material categories and push the overall wastage rate below 1%.
Building climate resilience	We will formalise our flood preparedness plan for the Kaduwela facility, given its location in the Kelani River floodplain, and continue strengthening supply chain resilience across our sourcing regions.

CORPORATE GOVERNANCE

CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

It is my privilege to present the Corporate Governance Report for the financial year 2025/26 on behalf of the Board of Directors of Sierra Cables PLC. This report articulates our enduring commitment to governance excellence one that underpins sustainable value creation, fortifies stakeholder trust, and positions the Company for long-term resilience.

Our Corporate Governance Framework continues to serve as the cornerstone of how we conduct business. Anchored in transparency, accountability, and ethical integrity, it defines the policies and standards that guide every layer of decision-making across the organisation. This framework has not only reinforced our domestic market position but has also catalysed meaningful growth in international markets, opening new avenues for business development and competitive differentiation.

We remain resolute in embedding sound governance principles into the fabric of our forward strategy ensuring that structured oversight, clearly defined roles, and informed decision-making continue to drive purposeful outcomes for all stakeholders.

KEY FOCUS AREAS

The financial year 2025/26 presented a complex and challenging macroeconomic landscape, demanding that the Board exercise heightened vigilance, strategic agility, and disciplined oversight. In response, the Board undertook a rigorous and continuous review of its governance practices, recalibrating policies where necessary to address emerging risks and evolving stakeholder expectations.

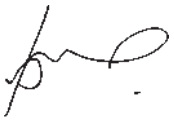
Central to this effort was the strengthening of our risk management architecture enabling the Company to anticipate, absorb, and respond to external disruptions with greater confidence. The Board remained acutely attuned to the prevailing economic headwinds, including rising interest rates, exchange rate volatility, escalating raw material costs, and inflationary pressures on operational expenditure. Proactive and timely measures were instituted to mitigate the impact of these stressors on business performance, while preserving the operational flexibility required to sustain our manufacturing capabilities and strategic momentum.

Throughout this period, the Board upheld its unwavering commitment to the Company's strategic objectives balancing prudent risk stewardship with the pursuit of sustainable profitability and long-term growth.

COMPLIANCE

The Company's compliance with the Code of Best Practice on Corporate Governance 2023, as well as the Corporate Governance Rules issued by the Colombo Stock Exchange, is comprehensively documented within this report.

In accordance with the provisions of the Code, I confirm that, to the best of my knowledge, no material violations of the Code of Business Conduct and Ethics have been committed by any Director or member of the Corporate Management during the year under review.



Mr. Ishara Nanayakkara
Chairman

13th July 2026

OUR APPROACH TO CORPORATE GOVERNANCE

The Board of Directors of Sierra Cables PLC remains steadfastly committed to upholding the highest standards of corporate governance across all levels of the organisation, ensuring that business activities are conducted ethically, responsibly, and in the best interests of all stakeholders.

To this end, the Company undertakes continuous assessment of its governance frameworks, policies, and practices, ensuring they remain aligned with the Company's overarching strategy and objectives. In doing so, the Company benchmarks itself against both local regulatory requirements and internationally recognised best practices, while remaining responsive to the evolving external environment including shifts in the macroeconomic landscape, regulatory developments, and the rapid advancement of technology. This dynamic and forward-looking approach ensures that our governance practices remain robust, relevant, and fit for purpose.

BOARD OF DIRECTORS

The Board of Directors bears ultimate responsibility for providing strategic direction, setting the Company's risk appetite, and ensuring the long-term sustainability of Sierra Cables PLC. Acting collectively and in the best interests of the Company and its shareholders, the Board oversees the affairs of the organisation with diligence, integrity, and a shared commitment to creating enduring value. The Board brings together a diverse blend of skills, expertise, and industry experience, enabling it to effectively discharge its fiduciary duties and guide the Company toward the realisation of its strategic aspirations.

The Board assumes a structured supervisory role monitoring management performance, ensuring accountability, and providing informed counsel on key strategic and operational matters. The Corporate Management team, led by the Managing Director, is entrusted with the execution of Board-approved corporate strategies.

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 and amendments thereto
- Securities & Exchange Commission of Sri Lanka, Act No. 19 of 2021 including rules, regulations & Circulars thereto Listing Rules issued by the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by ICASL (2023)
- Shop and Office Employees Act of 1954 and amendments thereto Inland Revenue Act No. 24 of 2017

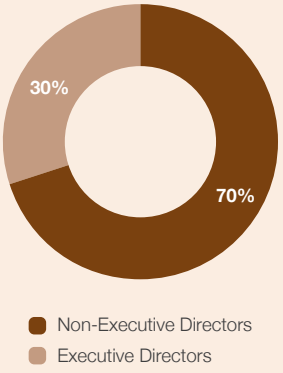
INTERNAL MECHANISMS:

- 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
- Articles of Association
- Board & Subcommittee terms of reference
- Internal Code on Business Conduct & Ethics
- Board and Internal Policies

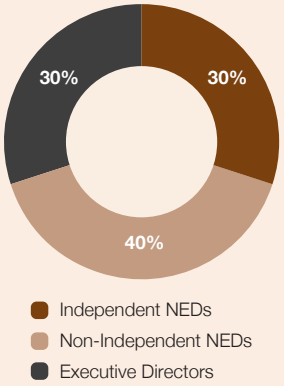
BOARD GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW

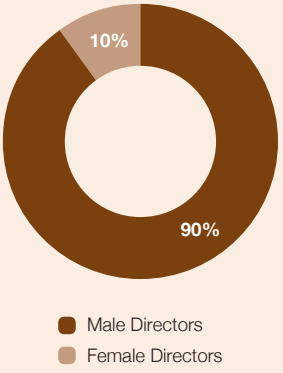
BOARD COMPOSITION



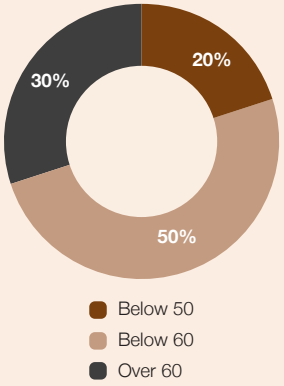
INDEPENDENCE BREAKDOWN



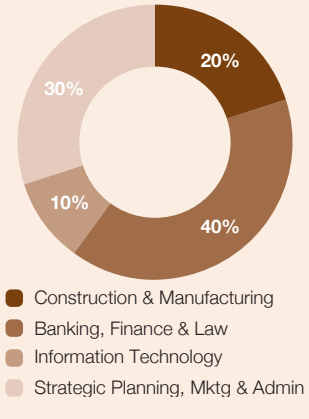
GENDER DIVERSITY



AGE DIVERSITY



BOARD EXPERTISE



SEPARATE ROLES OF THE CHAIRMAN AND THE MANAGING DIRECTOR

In the interest of maintaining an appropriate balance of power, promoting independent oversight, and reinforcing sound governance principles, the roles of the Chairman and the Managing Director are held by two separate individuals. This deliberate separation of responsibilities ensures that no single individual holds unchecked authority over the Board's deliberations and the Company's executive management thereby strengthening independent decision-making, enhancing checks and balances, and safeguarding the interests of all stakeholders.

HIGHLIGHTS

Chairman	Managing Director
⊙ Leading the Board and managing the conduct of Board business to ensure focused and productive deliberations. ⊙ Ensuring the Board receives accurate and timely information to support sound decision-making. ⊙ Driving sustainable shareholder value through strategic formulation, viability assessment, and effective implementation. ⊙ Fostering constructive dialogue among Board members to facilitate robust and inclusive decision-making. ⊙ Monitoring and evaluating the overall effectiveness of the Board and its Committees.	⊙ Accountable for executing the Strategies and Policies of the Board and ensuring efficient management of the business. ⊙ 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.

SUB COMMITTEES OF THE BOARD

The Board, while retaining final decision rights, has established and delegated certain functions to the following Sub Committees:

Sub-committee	Areas of Oversight	Composition	Further information
Audit Committee	⊙ Financial Reporting ⊙ Review Risk Management Systems and Internal Controls ⊙ Internal Audit ⊙ External Audit	Mr. P. E. A. B. Perera (C) Mr. S. M. S. C. Jayasuriya Mrs. V. G. S. S. Kotakadeniya	Refer to the Report of the Audit Committee on pages 142-143 for more information.
Remuneration Committee	⊙ Remuneration of the Chief Executive Officer and Key Management Personnel ⊙ HR Policies, including Remuneration Policy ⊙ Organizational structure ⊙ HR Systems, including Policies on Performance	Prof. G. I. U. S. Perera (C) Mr. P. E. A. B. Perera Mr. D. S. K. Amarasekara	Refer to the Report of the Remuneration Committee on page 144 for more information.
Related Party Transactions Review Committee	⊙ Related Party Transactions Policy ⊙ Related party transactions disclosures immediately/quartely/Annually. ⊙ Compliance with related regulatory requirements.	Prof. G. I. U.S. Perera (C) Mr. P. E. A. B. Perera Mr. M. A. P. N. Weerasingha	Refer to the Report of the Related Party Transactions Review Committee on page 145 for more information.
Nominations & Governance Committee Report	⊙ Recommendations to the Board on the appointments ⊙ Assessing the structure, composition, and skills of the Board and its Committees ⊙ Review the overall Governance framework considering applicable laws rules and industry best practices	Mr. S. M. S. C. Jayasuriya (C) Mr. P. E. A. B. Perera Prof. G. I. U. S. Perera Mrs. V. G. S. S. Kotakadeniya	Refer to the Nomination Committee Report on page 146 for more information.

The composition and responsibilities of each sub-committee are governed by the relevant regulatory guidelines, with their respective reports featured on pages 142 to 146 of this Report.

Board sub-committees have the authority to request additional information and engage key management personnel to provide further clarity or enable open dialogue. This empowers the Board to verify that proposed initiatives, procedural changes, and control enhancements are both practical in application and effectively communicated to senior management.

Minutes of Committee meetings are presented at Board meetings, ensuring that all Board members remain informed of Committee discussions and outcomes. This structure provides the assurance that each matter receives dedicated, focused attention at the sub-committee level, while significant issues are escalated to the full Board for broader oversight and deliberation.

BOARD MEETINGS AND ATTENDANCE

The Board, together with its Audit Committee and Related Party Transactions Review Committee, convenes at least quarterly, with additional meetings held as circumstances require and provision made for participation via online/virtual means where necessary. The Nomination & Governance Committee and the Remuneration Committee meet at least annually, with further meetings convened as needed.

Meeting agendas and supporting papers are circulated to all Board members well in advance of each meeting, allowing adequate time for review and preparation. The Group's state-of-the-art management information system ensures that timely and relevant performance data is consistently made available to the Board, enabling members to remain well-informed and to raise further inquiries as necessary. Any Director retains the right to table a resolution before the Board whenever deemed appropriate.

Name of the Director	Board Meeting	Audit Committee	Remuneration Committee	Related party Transaction	Nomination & Governance
Total Number of meetings held	5	4	1	4	2
Mr. I. C. Nanayakkara	4/5	-	-	-	-
Mr. M. A. P. N. Weerasinghe	5/5	-	-	4/4	-
Mr. W. D. C. H. Jayatunga	5/5	-	-	-	-
Mr. D. S. Panditha	5/5	-	-	-	-
Mrs. V. G. S. S. Kotakadeniya	5/5	4/4	-	-	2/2
Mr. D. S. K. Amarasekera	5/5	-	1/1	-	-
Mr. P. D. G. Jayasena	5/5	-	-	-	-
Mr. P. E. A. B. Perera	5/5	4/4	1/1	4/4	2/2
Mr. S. M. S. C. Jayasuriya	5/5	4/4	-	-	2/2
Prof. G. I. U. S. Perera	5/5	-	1/1	4/4	2/2

AUTONOMOUS DECISION MAKING

Directors exercise independent judgment across key areas including strategy, resource allocation, performance management, senior appointments, and business conduct standards. To protect this independence, the Company maintains a suitably composed and balanced Board, structured to prevent any individual member or select group from exerting undue influence over decision-making.

Both collectively and individually, the Board and its Directors operate in full accordance with the laws of every jurisdiction in which the Company conducts business. The Board further ensures that sound procedures and processes are firmly embedded across the organisation to satisfy all applicable legal and regulatory requirements.

To enhance the Board's decision-making effectiveness and reinforce its independence, the Company engages qualified external professionals including independent legal counsel and auditors whenever their expertise is required, with all related costs met by the Company.

DELEGATION OF AUTHORITY

While the Board retains ultimate accountability and responsibility for the Group's strategic direction and overall management, it delegates operational authority to the Managing Director and senior management for the conduct of day-to-day business activities. The Board reserves the right to revise or revoke any such delegation of authority at its discretion.

BOARD APPOINTMENT, RESIGNATIONS AND RE-ELECTION

The appointment and re-election of Directors are subject to a rigorous review process undertaken by the Nominations & Governance Committee, which assesses each candidate against established criteria of fitness and propriety. This evaluation ensures that all individuals appointed to the Board possess the requisite integrity, competence, and professional standing to fulfil their

responsibilities effectively. Following the Committee's review and formal recommendation, candidates are appointed to the Board and subsequently presented to shareholders for ratification at the next Annual General Meeting.

In addition to this process, the Articles of Association of the Company require that one third of the existing Non-Executive Directors retire by rotation at each Annual General Meeting, making themselves available for re-election by shareholders. This mechanism serves as an important governance safeguard, providing shareholders with the opportunity to periodically reaffirm their confidence in the composition of the Board. Full details of the Directors standing for re-election at this year's Annual General Meeting are set out in the Notice of Meeting on page 226.

In the event that a Director chooses to resign prior to the completion of their appointed term, the Company requires that a formal written communication be obtained from the departing Director. This ensures that the circumstances and reasons surrounding any such early departure are properly documented and transparently recorded, in keeping with the Company's commitment to sound governance practices and accountability at the Board level.

New appointments are communicated immediately to shareholders through the Colombo Stock Exchange along with their brief resume with relevant expertise, key appointments, shareholding, and status of independence.

Changes to the directorate during the year under review including the resignation of Mr. W. A. P. Perera on 21st May 2025, the appointment of Mr. I. C. Nanayakkara as chairperson and the re-designation of Mr. M. A. P. N. Weerasinghe as an executive director were promptly communicated to the shareholders through announcements to the Colombo Stock Exchange.

Changes to the Directorate after the year under review, including the redesignation of Mr. M. A. P. N. Weerasingha as Executive Deputy Chairman and the redesignation of Mr. W. D. C. H. Jayatunga as Managing Director with effect from 22nd June 2026, were promptly communicated to shareholders through announcements made to the Colombo Stock Exchange.

COMPANY SECRETARY

LOLC Corporate Services (Private) Limited have been appointed as Company Secretaries whose members are registered company secretarial practitioners, including Attorneys at Law and a Chartered Governance Professional. They ensure that proper Board procedures are followed in line with applicable laws, rules, and regulations to ensure good governance. Their key responsibilities include :

1. Ensure that the Company complies with its Articles of Association, applicable statutory and regulatory requirements and maintains standards of corporate governance.
2. Monitor changes in relevant legislation and the regulatory environment and their impact on the Company; and facilitate regular updates to the Board on appropriate action required.
3. Convene and administer Board and Sub Committee meetings; ensure decisions are accurately documented; and disseminate details of decisions.
4. Assist in monitoring Board's compliance with internal policies.
5. Facilitate communication between the board of directors and company shareholders, reporting in a timely and accurate manner .

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA IN 2023 VOLUNTARY PROVISIONS (AS REQUIRED BY THE COMPANY, COMPLIANT TO THE EXTENT OF BUSINESS EXIGENCY)

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
A	**Directors**		
A.1	The Board	☑	Refer: A diverse Board on pages 31-36.
A.1.1	Board Meetings	☑	Refer: Meetings and attendance on page 126.
A.1.2	Roles and Responsibilities of the Board	☑	Refer: Roles and responsibilities on page 123.
A.1.3	Independent Professional Advice	☑	The Board members are permitted to obtain independent professional advice 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 127. 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 Board has determined that its Non-Executive Directors have devoted sufficient time to its deliberations 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.
A.1.8	Board Induction and Training	☑	The Board has in place an induction programme for new Directors to ensure they are adequately briefed and have the requisite knowledge of the Group and its operations. The Board regularly reviews the training needs of the Directors and all Directors engage in relevant training Programs to enhance their skills and expertise.
A.2	Chairman & Managing Director	☑	There is a clear demarcation of the responsibilities between the Chairman and the Managing Director. The functions performed by the Chairman and the Managing Director are distinct and separate, ensuring the balance of power and authority within the organization, so that no person has unfettered powers of decision-making and implementation. Refer: Roles and Responsibilities on page 125.
A.3	Chairman's Role in Preserving Good Corporate Governance	☑	The Chairman is responsible for the leadership of the Board, managing Board meetings and business undertakings. The Chairman is responsible for ensuring that all relevant issues of the Company are dealt with on the Board Agenda and that Directors receive all appropriate information and documentation in a timely manner, thus facilitating the Directors to contribute at the deliberations. Refer: Roles and Responsibilities on page 125.

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
A.4	Availability of Financial Acumen	☑	Our Directors with their professional and/or entrepreneurial financial skill, business acumen and wide practical wisdom contribute substantial value, knowledge and independent judgment in decision making on matters concerning finance and investment.
A.5	Board Balance	☑	Three of the ten Directors on the Board serve in an Executive capacity, while four serve as Non-Executive Directors and three serve as Independent Non-Executive Directors. Each Non-Executive Director annually submits a signed and dated declaration confirming his or her status as an Independent or Non-Independent Director. The Chairman meets with the Independent Non-Executive Directors, without the presence of Executive Directors, as and when considered necessary.
A.6	Provision of Appropriate and Timely Information	☑	Board agendas and necessary Board Papers and minutes are dispatched in advance of the Board meetings.
A.7	Appointments to the Board	☑	Board appointments follow a transparent and formal process led by the Nominations & Governance Committee. 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	☑	In compliance with the Articles of Association of the Company, 1/3 of the Non-Executive Directors retire from office each year and are eligible for re-election. Details of the Directors being re-elected at the AGM are given in the Notice of Meeting on page 226. Written communication is obtained from any Director resigning prior to completion of his appointed term.
A.9	Appraisal of Board Performance	☑	The Board undertakes an annual appraisal of its performance in the discharge of its key responsibilities, together with a self-evaluation of the Board as a whole and its committees, to identify areas requiring improvement. The performance of the Executive Directors is evaluated by the Chairman together with the Non-Executive Directors, including the Independent Directors. The performance of the Chairman is, in turn, evaluated by the Non-Executive Directors, including the Independent Directors, while the Chairman separately assesses the performance of the Independent Directors.
A.10	Disclosure of information in respect of Directors	☑	The names of the Directors of the Board, their expertise, skills and profiles are disclosed on pages 31-36 of this Annual Report. Directors' interests in contracts are indicated in note 33.2.1 of the Financial Statements of this Annual Report. Refer Corporate Governance Report on pages 122-136.
A.11	Appraisal of the Chief Executive Officer	☑	At the start of each year the Board in consultation with the CEO sets the goals to be achieved by the CEO during the year. At mid-year and at the end of each year the performance of the CEO is evaluated against these set targets.
B.	**Directors' Remuneration**		
B.1	Remuneration Procedure	☑	The details of the Remuneration Committee's composition, policies and responsibilities are set out on page 144 of this Annual Report The Board as a whole decides the remuneration of the Non-Executive Directors. The Non-Executive Directors receive a monthly fixed fee for being a Director of the Board. 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

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
B.2	Level and Make-up of Remuneration	☑	The remuneration scheme for Executive Directors is structured to align rewards to their individual and corporate performance targets and the Remuneration Committee ensures that the remuneration is on par with market standards.
B.3	Disclosures related to Remuneration in the Annual Report	☑	Refer: Remuneration Committee Report on page 144.
C.	**Relations with Shareholders**		
C.1	Constructive use of the AGM and other General Meetings	☑	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to the Chairman. Separate resolutions are proposed at the AGM on each substantial issue. At the AGM, the Chairman of each sub-committee provides any clarification required by Shareholders. The notice and the agenda of the AGM together with the Annual Report of the Company are published on the CSE Website 15 working days prior to the date of the AGM.
C.2	Communication with shareholders	☑	The Investor Relations policy of the Company is committed to transparent, accurate and timely communication with its shareholders, investors and other stakeholders ensuring they receive all material information about the Company's governance, operations, financial performance and future prospects. Communication is managed through designated spokespersons and official channels such as the Company website, social media, press releases and annual general meetings with proper attention to confidentiality and regulatory compliance. Apart from the regular channel of the company secretaries, shareholders are able to communicate with the designated Investor Relations. Issues raised are escalated to the Board for their information / action and responded to by either the company secretary or investor relations as appropriate.
C.3	Disclosure of Major and Material Transactions	☑	The Directors ensure that any transaction which may affect the net asset base of the Company is promptly 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	☑	With guidance from the Audit Committee, the Board aims to report a balanced and understandable assessment of the Group's financial position, performance and prospects through interim and annual reports in accordance with applicable accounting and auditing standards. The approval of the Board was granted prior to publication. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the directors have a reasonable expectation that the company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the financial statements. Refer: Report of the Board of Directors (Pages 150-153) Statement of Directors' Responsibility (Page 148) Management Discussion and Analysis (Pages 37-114) Independent Auditors' Report (Pages 156-159) Related Party Transactions in Note 33.1 in the Financial Statements Managing Director's and Group CFO's Statement on page 149.

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
D.2	Process of Risk Management and a sound system of Internal controls	☑	The Board is committed to safeguarding its assets and investments through a robust risk management and internal control framework while monitoring its effectiveness on a continuous basis. Refer: Managing Risks on pages 139-141.
D.3	Audit Committee	☑	Refer: Audit Committee Report (pages 142-143)
D.4	Risk Committee	☑	Supported by the Enterprise Risk Management Department of the Group, the Audit Committee oversee the processes of the Company's internal controls and risk identification and management according to the requirements of the Sri Lanka Auditing Standards.
D.5	Related Party Transactions Review Committee	☑	Refer: Related Party Transactions Review Committee Report (page 145)
D.6	Code of Conduct and Ethics	☑	The Internal Code on Business Conduct and Ethics outlines the expected ethical standards for directors and officers, emphasizing integrity, loyalty, legal compliance and accountability. It guides proper handling of conflicts of interest, protection of confidential information, accurate financial reporting, fair use of Company assets and responsible trading of Company securities. Directors and officers must declare personal interests, avoid personal gain from Company opportunities and report unethical or illegal behaviour without fear of retaliation. Compliance with laws is mandatory and any violations may lead to disciplinary action. Annual declarations of compliance are obtained, and waivers of the Code, if any must be approved by the Board of Directors. Refer: Our Employees on pages 86-95. Chairman's Message on pages 22-25.
D.7	Corporate Governance Disclosures	☑	Refer: Corporate Governance Report on pages 122-136
E/F.	**Institutional and Other Investors**		
E.1 & F.1	Encourage voting at AGM – Institutional and other investors	☑	Institutional and other investors are encouraged to participate in the annual general meetings and exercise their voting rights. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution
E.2	Evaluation of governance disclosures	☑	Institutional investors are encouraged to give due consideration to all relevant factors related to Board structure and composition
F.2	Investing/divesting decisions	☑	Individual shareholders investing directly in the shares of the Company are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decision.

Code Ref.	Requirement	Compliance	Details of Compliance/Reference
G.	Internet of Things & Cyber security	☑	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.	Sustainability: ESG Risk and Opportunities	☑	The Board places significant emphasis on sustainable development, embedding ESG considerations within the Company's value creation model, strategy, and governance structure. To ensure long-term conformance, performance, and sustainability, a comprehensive framework has been established that integrates ESG into risk management, policy development, decision-making, and stakeholder engagement, while also instituting monitoring and reporting mechanisms to drive accountability and continuous improvement. Refer: Risk management on pages 139-141. Environmental Sustainability on pages 106-114. Corporate Governance on pages 122-136

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY COLOMBO STOCK EXCHANGE

MANDATORY PROVISIONS

Section	Principle, Compliance and Implementation	Effective Date	Complied
9.1.3	Disclosure in the Annual report with regard to the extent of compliance with the Rule. *As detailed below, the Company is fully compliant with the Listing Rules of the Colombo Stock Exchange.*	01st October 2023	☑
9.2.1	The Company shall disclose the fact of existence of the list of prescribed policies as set out in the rule together with the details relating to the implementation of such policies in the Annual report and make them available on its website . The Company's governance framework is regularly reviewed and updated to reflect stakeholder needs and regulatory/statutory requirements to enhance oversight, accountability, and operational effectiveness. *The policies adopted by the Company in accordance with the requirements of the Exchange is available on the Company's website. Extracts of these policies are set out on pages 137-138.*	01st October 2024	☑
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted. *There has not been any material breach of the Code during the year under review.*	01st October 2024	☑
9.2.3	(i) List of policies in place as per Rule 9.2.1, with reference to website (ii) Any changes to policies adopted *The policies are subject to an annual review to maintain relevance. Material changes made to the policies during the current year, are set out on pages 137-138*	01st October 2024	☑

Section	Principle, Compliance and Implementation	Effective Date	Complied
9.2.4	The Company shall make available all such policies as set out in 9.2.1 to shareholders upon a written request being sent for such policy *Shareholders have access to the detailed policies hosted on the Company's website.* *Summarised version of same is set out on pages 137-138.*	01st October 2024	☑
9.3.1/ 9.3.2	The prescribed Board subcommittees should be established and maintained at a minimum and shall function effectively. *The required Committees have been established and are functioning effectively. These Committees assist the Board with its role of oversight of the Company's performance, conformance, and sustainability.* *Refer sections 9.11, 9.12, 9.13, and 9.14 below for details on compliance and the Committee Reports set out on pages 142-146.*	01st October 2023 (* 01st October 2024)	☑
9.3.3	Chairperson of the Board cannot be a Chairperson in any of the Board subcommittees *Committee Reports are set out on pages 142-146.*	01st October 2024	☑
9.4.1	Maintenance of records of all resolutions and other information stipulated in section 9.4.1 of the listing rules and shall provide copies of the same at the request of the Exchange and or SEC. *All records of resolutions and information relating to General Meetings; i.e. upon a resolution being considered valid proxy votes, votes in favour, against and abstained for the resolutions, etc. are maintained by the Company Secretary.*	01st October 2023	☑
9.4.2	Communication and relations with shareholders and investors *The Company has established methodologies to ensure effective communication and relations with shareholders. Details of same are set out in the Policy on Relations with Shareholders and Investors and Stakeholder Communication and Corporate Disclosure Policy adopted by the Company.* *Designated personnel have been identified as contact persons for such inquiries / communication. Any significant/material issues raised by the shareholders/ investors are escalated to the Board where necessary in a transparent manner. The Company conducted its shareholder meetings online /virtual means while complying with the guidelines issued by the CSE.*	01st October 2024	☑
9.5.1 & 9.5.2	A Policy on governing matters relating to the Board of Directors should be established with specific requirements prescribed by the Exchange (a) to (j), and to disclose the level of compliance or non-compliance with reasons/remedial actions. The Governance Framework adopted by the Company and the level of compliance with Rule 9.5.1 is provided in detail in the Corporate governance report. *Requirements set out in the Policy have been complied with, by the members of the Board.*	01st October 2024	☑
9.6.1	The Chairperson should be a Non-executive Director and the positions of Chairperson and CEO cannot be held by one person; unless a Senior Independent Director (SID) is appointed by the Listed entity. *The Positions of the Chairperson and the Managing Director are held by two individuals. Refer the Report of the Board of Directors on pages 150-153 for details.*	01st October 2023	☑
9.6.2 & 9.6.3	The Market announcement with regard to the non-compliance with Rule 9.6.1 and the rationale for appointing the SID. *A SID has not been appointed as the Company has complied with the requirements of the above Rule.*	01st October 2023	Not applicable

Section	Principle, Compliance and Implementation	Effective Date	Complied
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken *Annual declarations were obtained as per the requirement of Rule 9.7.3 and the board members have complied with the relevant criteria. The said criteria was considered by the Nominations & Governance Committee when recommending the re-election of directors retiring before the AGM.* *Refer the Report of the Board of Directors on pages 150-153 for details.*	01st October 2023	☑
9.8.1 & 9.8.2	Minimum number of Directors on the Board should be 5 and the total minimum number of Independent Directors should 2 or 1/3 of the Board, whichever is higher *The Board comprises 10 Directors of whom 3 are independent.*	01st October 2024	☑
9.8.3 & 9.8.5	An annual declaration should be obtained by each Non-Executive Director as per the defined format and the criteria should be assessed by the Nomination Committee of the Company. *The Board has determined that Mr. P. E. A. B. Perera, Mr. S. M. S. C. Jayasuriya and Prof. G. I. U. S. Perera are in fact independent.*	01st October 2023	☑
9.9	Alternate Director can be only appointed for a minimum period of one year under special circumstances and he/she should be of the same nature of Directorship *With shareholder approval, the related clauses in the Articles of Association were amended. At present, there are no alternate directors appointed to the Board.*	01st January 2024	
9.10	Disclosures regarding; a) the Maximum number of Directorships its members shall be permitted to hold as set out in Rule 9.10.1 b) appointment of new directors as set out in Rule 9.10.2 c) change to the composition of the Board /subcommittees as set out in Rule 9.10.3 d) details of Directors profile as set out in Rule 9.10.4 *The Policy on Matters Relating to the Board adopted by the Company, permits a director to hold office as director , in any number of companies/societies/bodies including subsidiaries and associates of the Company, subject to however, in the case of listed entities, such appointments being limited to 20, subject to avoiding any conflict of interest.* *Announcements were made to the CSE on new appointments covering the criteria set out herein.* *Related details are set out in the Reports of the Board of Directors and Corporate Governance on pages 150-153 and 122-136.*	01st October 2023	☑
9.11	Disclosure requirements regarding the Nomination and Governance Committee under Rule 9.11.6 *Refer the Report of Nominations & and Governance Committee on page 146.*	01st October 2024	☑
9.12	Disclosure requirements regarding the Remuneration Committee under Rule 9.12.8 *Refer the Report of the Remuneration Committee on page 144.*	01st October 2023	☑
9.13	Disclosure requirements regarding the Audit Committee under Rule 9.13.8 *Please refer Report of the Audit Committee on pages 142-143.*	01st October 2024	☑
9.14	Composition, functions and general requirements of the Related Party Transactions Review Committee *Refer Report of the Related Party Transactions Review Committee on page 145.*	01st April 2024	☑

Section	Principle, Compliance and Implementation	Effective Date	Complied
9.14.8(1)	Disclosure of non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format) *Refer Note no 33 to the Financial Statements.*	01st October 2023	☑
9.14.8(2)	Disclosure of recurrent Related Party Transactions exceeding 10% of the gross revenue/ income (in the specified format) *Refer Note no 33 to the Financial Statements.*	01st October 2023	☑
9.14.8(3)	Disclosure requirements regarding the Related Party Transaction Review Committee under Rule 9.14 *Please refer Report of the RPTR Committee on page 145.*	01st October 2023	☑
9.14.8(4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect. *Please refer Board of Directors report on pages 150-153.*	01st October 2023	☑
9.16	Additional disclosures by Board of Directors under Rule 9.16 *The relevant declarations by the Board of Directors are included in their report on pages 154-155.*	01st October 2023	☑

BOARD & SUB-COMMITTEE COMPOSITIONS

Name of Director	Executive/ Non - executive	Independent/ Non - independent	Board & Sub-Committee Composition					Date appointed to the Board	Tenure on the Board (Years) as of 31st March 2026	Age
			Board	AC	REM	RPTRC	N&GC			
Mr. I. C. Nanayakkara	NED	NID	✓					28.05.2025	1 Year	53
Mr. M. A. P. N. Weerasingha	ED	NID	✓			✓		11.02.2022	4 Years	53
Mr. W. D. C. H. Jayatunga	ED	NID	✓					26.09.2024	1 Year & 6 Months	49
Mr. D. S. Panditha	ED	NID	✓					04.08.2004	21 Years & 6 Months	73
Mrs. V. G. S. S. Kotakadeniya	NED	NID	✓	✓			✓	11.02.2022	4 Years	58
Mr. D. S. K. Amarasekara	NED	NID	✓		✓			06.06.2022	3 Years & 9 Months	55
Mr. P. D. G. Jayasena	NED	NID	✓					29.08.2023	2 Years & 7 Months	53
Mr. P. E. A. B. Perera	NED	ID	✓	✓*	✓	✓	✓	13.05.2021	4 Years & 10 Months	65
Mr. S. M. S. C. Jayasuriya	NED	ID	✓	✓			✓*	18.12.2024	1 Year	69
Prof. G. I. U. S. Perera	NED	ID	✓		✓*	✓*	✓	01.01.2025	1 Year	44

* Committee Chairman

AC - Audit Committee

REM - Remuneration Committee

RPTRC - Related Party Transaction Review Committee

N&GC - Nominations & Governance Committee

BOARD MEETING ATTENDANCE

Name of Director	24.04.2025	28.05.2025	12.08.2025	20.11.2025	09.02.2026	Total
Mr. I. C. Nanayakkara	-	✓	✓	✓	✓	4/5
Mr. M. A. P. N. Weerasingha	✓	✓	✓	✓	✓	5/5
Mr. W. D. C. H. Jayatunga	✓	✓	✓	✓	✓	5/5
Mr. D. S. Panditha	✓	✓	✓	✓	✓	5/5
Mrs. V. G. S. S. Kotakadeniya	✓	✓	✓	✓	✓	5/5
Mr. D. S. K. Amarasekara	✓	✓	✓	✓	✓	5/5
Mr. P. D. G. Jayasena	✓	✓	✓	✓	✓	5/5
Mr. P. E. A. B. Perera	✓	✓	✓	✓	✓	5/5
Mr. S. M. S. C. Jayasuriya	✓	✓	✓	✓	✓	5/5
Prof. G. I. U. S. Perera	✓	✓	✓	✓	✓	5/5

AUDIT COMMITTEE MEETING ATTENDANCE

Name of Director	28.05.2025*	12.08.2025	20.11.2025	09.02.2026
Mr. P. E. A. B. Perera* ID	✓	✓	✓	✓
Mr. S. M. S. C. Jayasuriya - ID	✓	✓	✓	✓
Mrs. V. G. S. S. Kotakadeniya - NED	✓	✓	✓	✓

Date* - Meetings with External Auditors participation

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETING ATTENDANCE

Name of Director	28.05.2025	12.08.2025	20.11.2025	09.02.2026
Prof. G. I. U. S. Perera*	✓	✓	✓	✓
Mr. P. E. A. B. Perera	✓	✓	✓	✓
Mr. M. A. P. N. Weerasingha	✓	✓	✓	✓

REMUNERATION COMMITTEE MEETING ATTENDANCE

Name of Director	19.03.2026
Prof. G. I. U. S. Perera*	✓
Mr. P. E. A. B. Perera	✓
Mr. D. S. K. Amarasekara	✓

NOMINATIONS & GOVERNANCE COMMITTEE MEETING ATTENDANCE

Name of Director	28.05.2025	19.03.2026
Mr. S. M. S. C. Jayasuriya*	✓	✓
Prof. G. I. U. S. Perera	✓	✓
Mr. P. E. A. B. Perera	✓	✓
Mrs. V. G. S. S. Kotakadeniya	✓	✓

Participation online for Board and Committee meetings by audio visual means were taken into account when deciding on the quorum.

CORPORATE GOVERNANCE POLICIES OF THE COMPANY

POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

The Board of Directors at Sierra Cables PLC is responsible for providing strategic governance, overseeing financial performance, managing risks including sustainability-related risks and ensuring compliance with laws and ethical standards. The Board integrates sustainability into its strategy, approves related policies and oversees transparent reporting and stakeholder engagement on environmental, social and governance (ESG) matters. Committees may be established to support these functions with clear roles and accountability. The Board's composition balances skills, experience, diversity, and independence with regular meetings and performance evaluations to ensure effective governance and sustainability outcomes. Comprehensive records are maintained and progress is reported regularly to stakeholders ensuring transparency and adherence to regulations and best practices.

Amended by the inclusion of Sec 10 on Disclosure of Interests and linked the Terms of Reference of Board Members as an annexure to the policy .

POLICY ON BOARD COMMITTEES

Board of Directors of Sierra Cables PLC may form Board and Management Committees to support its duties, delegate powers, and ensure effective governance. The Company is required to establish key Board Committees including Nominations &

Governance Committee, Talent Development & Remuneration Committee, Audit Committee, Related Party Transactions Review Committee, Integrated Risk Management Committee and Sustainability Committee, in line with Colombo Stock Exchange rules and relevant standards. Each committee must have clear terms of reference, at least three directors (including two Independent Directors) and be chaired by an Independent Director who is not the Chairperson of the Board. Committees should consist of members with relevant expertise, have a designated Secretary, rotate members to encourage diverse perspectives and report on their activities at the Annual General Meeting.

POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION

The Policy on Corporate Governance, Nominations, and Re-Election of Sierra Cables PLC outlines a transparent and structured process for appointing and re-electing board members to support strong governance and strategic alignment. It applies to all board and committee appointments with a Nominations and Governance Committee comprised mainly of Independent, Non-Executive Directors responsible for identifying, evaluating and recommending candidates based on relevant skills, experience, independence, diversity and alignment with corporate goals. Re-election is based on periodic performance reviews and adherence to governance standards with recommendations made to the Board and ultimately approved by shareholders. The policy ensures full disclosure of nominee information and potential conflicts of interest and requires periodic review and Board approval for any amendments.

POLICY ON REMUNERATION

The Remuneration Policy of Sierra Cables PLC expects to attract, retain and motivate talent by offering competitive compensation aligned with market standards and Company performance.

Executive Directors receive a base salary, perquisites and performance-based bonuses, with remuneration levels reviewed annually and benchmarked against similar companies. Non-Executive Directors are paid a monthly retainer and meeting fees, including additional fees for participation in Board Sub Committees. Alternate Directors are compensated per meeting in place of the Director they represent. The CEO/Managing Director's remuneration is performance-based and aligned with market standards.

Bonuses for Executive Directors include both fixed and variable components, with the variable portion tied to performance.

POLICY ON INTERNAL CODE ON BUSINESS CONDUCT AND ETHICS

The Internal Code on Business Conduct and Ethics of Sierra Cables outlines the expected ethical standards for directors and officers, emphasizing integrity, loyalty, legal compliance and accountability. It guides proper handling of conflicts of interest, protection of confidential information, accurate financial reporting, fair use of Company assets and responsible trading of Company securities. Directors and officers must declare personal interests, avoid personal gain from Company opportunities and report unethical or illegal behaviour without fear of retaliation. Compliance with laws is mandatory and any violations may lead to disciplinary action. Annual declarations of compliance are required, and waivers of the Code, if any must be approved by the Board of Directors.

Amended Sec 7 on Trading in the Company's listed securities by related/connected parties, by deleting the exclusion clause for exemptions for trading during restricted days.

POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS

Sierra Cables PLC is committed to safeguarding its assets and investments through a robust risk management and internal control framework. This policy applies to all employees, departments and encourages stakeholders to support its provisions. The Company regularly identifies and assesses various risks including strategic, market, operational, regulatory, reputational and sector-specific risks and employs strategies like risk avoidance, reduction, sharing and acceptance to mitigate them. SIERRA promotes a controlled culture with well-established processes, segregation of duties, authorization

Compliance with laws and industry standards is maintained, with risk ownership assigned to business unit heads who regularly review controls. Internal audits provide independent evaluations, and all employees are responsible for reporting any control weaknesses. The policy supports sustainable operations, informed decision-making, and continuous improvement and is reviewed periodically to remain effective.

CORPORATE GOVERNANCE POLICIES OF THE COMPANY

POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

Sierra Cables PLC is committed to transparent, accurate and timely communication with its shareholders, investors and other stakeholders ensuring they receive all material information about the Company's governance, operations, financial performance and future prospects. Communication is managed through designated spokespersons and official channels such as the Company website, social media, press releases and annual general meetings with proper attention to confidentiality and regulatory compliance. The Company proactively addresses market rumours, provides access to analysts and the media and encourages shareholder engagement and feedback. Material information is disclosed promptly following a clear approval process while insiders are strictly regulated to prevent misuse of confidential data. Major developments and crisis situations are handled with special care, ensuring all stakeholders remain well-informed. The Company regularly updates its policies and provides multiple channels for stakeholders to connect and stay informed.

POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

The Environmental, Social, and Governance (ESG) Sustainability Policy of Sierra Cables PLC outlines the Company's commitment to responsible, inclusive and forward-thinking business practices that balance economic growth, social responsibility and environmental protection. Guided by a clear vision and mission, the Company integrates sustainability into all aspects of its operations through initiatives that support employee well-being, community development, environmental conservation and sound corporate governance. The policy sets ambitious targets for 2030 across economic, environmental and social dimensions, including reducing emissions, promoting ethical sourcing, fostering innovation and enhancing board diversity. Progress is tracked through defined key performance indicators and reported annually through a Sustainability Report, along with internal updates and stakeholder engagement to ensure transparency, accountability and continuous improvement.

POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS

The Policy on Control and Management of Company Assets and Shareholder Investments of Sierra Cables PLC outlines the commitment to efficiently managing, protecting and utilizing its assets and shareholder funds. It applies to all employees, management and board members and covers the categorization, acquisition, use, verification, transfer, depreciation and disposal of assets including physical, intangible and investment properties. All assets are recorded in a centralized register, tagged with unique identification and managed under strict approval and documentation processes. The policy ensures shareholder investments are used strategically with clear reporting, risk management and governance oversight. Regular audits, employee training and annual policy reviews are conducted to maintain compliance, transparency and effectiveness.

POLICY ON STAKEHOLDER COMMUNICATION AND CORPORATE DISCLOSURES

The Stakeholder Communication & Corporate Disclosure Policy of Sierra Cables PLC ensures timely, accurate and transparent communication with all stakeholders including regulators, shareholders, customers, employees, suppliers, creditors and the community while complying with applicable laws and Colombo Stock Exchange (CSE) rules. The policy mandates that material information be disclosed fairly, prohibits selective disclosure or insider trading, and requires confidentiality of undisclosed material information. Communication channels include financial reports, press releases, websites, social media and direct communication with only authorized personnel permitted to speak on behalf of the Company. The policy also regulates interactions during blackout periods, ensures language accessibility for customers and upholds the Company's brand image across all platforms.

POLICY ON ANTI-BRIBERY AND CORRUPTION

The Anti-Bribery and Corruption Policy of Sierra Cables PLC outlines the Group's strong commitment to ethical conduct, transparency and accountability, ensuring all operations are free from fraud and corruption. The policy is applicable to all employees (excluding interns) which defines fraud and corruption broadly including bribery, extortion, facilitation payments, conflicts of interest and misuse of resources and sets out procedures for prevention, detection, reporting and response. It emphasizes strong leadership, internal controls, third-party due diligence, mandatory training and whistle-blower protection. Roles and responsibilities are clearly assigned across executive management, supervisors, ERM, IT, auditors and all employees ensuring compliance with national and international regulations. The policy includes clear mechanisms for confidential reporting and investigation with disciplinary actions for violations or retaliation. Regular reviews, monitoring by the Compliance Department and authority for justified exceptions (by Chief Human Resources Officer / Group Managing Director) ensure its effectiveness and alignment with evolving risks and legal requirements.

POLICY ON WHISTLEBLOWING

Sierra Cables PLC is committed to promoting honesty, integrity and transparency by encouraging employees and stakeholders to report any unethical or illegal conduct without fear of retaliation. This whistleblowing policy covers all forms of fraud, misconduct, harassment, safety violations and breaches of laws or company policies. Reports can be made to immediate supervisors, the Head of Enterprise Risk Management and will be treated with strict confidentiality. The Company protects whistle-blowers from any retaliation and will take disciplinary action against anyone who retaliates. Upon receiving a report, a fair and impartial investigation will be promptly conducted and appropriate actions taken. This policy applies to all employees and stakeholders and is reviewed periodically to ensure its effectiveness.

RISK MANAGEMENT REVIEW

Risk management plays a vital role in identifying the specific risks pertaining to a Company thereby providing an avenue to address the potential risks in facilitating proactive and sustainable value creation. By implementing a strong risk management framework, a Company can effectively identify, analyze, and respond to risk factors, thereby mitigating future risks. Therefore, a robust risk management foundation will reinforce a Company's ability to confront challenges, both internal and external, thereby driving uninterrupted growth of the Company.

RISK LANDSCAPE IN FY 2025/26

The risk environment during the financial year was mainly molded by the macroclimate at the time. Hence, the subdued performance of the economy during the first half of the year and the slow growth witnessed towards the second half of the year had an impact on our operations and performance. The contraction of the key economic sectors including the construction sector that is directly related to the electrical wire and cable industry as well as the other economic stressors such as high interest regime, commodity price hikes, inflationary pressure, supply conditions and tax increase all continue to weigh on the business environment during the period.

The construction sector in particular demonstrated a marked decline severely impacting on our performance. On the supply side, the high cost of raw materials due to exchange rate volatility, the increase in other input prices and substandard products of competitors continue to impact our operations. On the demand side, domestic demand witnessed a marked reduction due to pressure on the disposable income driven by unpredictability of the performance of key economic indicators. Likewise, the project market also witnessed a considerable reduction curtailing new investments into construction projects.

These factors contributed to the Company's risk profile necessitating timely internal controls and risk management to safeguard our operations against the impediments in 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 Managing Director.

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

Any key risk identified by the External Auditors during the year's end is reported to the Board Audit Committee via the management letter.

RISK MANAGEMENT REVIEW

THREE LEVELS OF DEFENSE

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

1st line of defence: Management	2nd line of defence: Board Audit Committee	3rd line of defence: Board of Directors
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 Managing Director. 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.	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.	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 organization 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, minimize, avoid or transfer the risks.
Implementation and monitoring	Once the risk mitigation plans have been put in place, continuous monitoring is carried out to assess the effectiveness of the measures taken.
Review	Continuous review is performed in recognition of the evolving trends of the business and external environment, and the risk strategies and plans are updated accordingly to stay ahead of the changes and potential impacts.

RISK REGISTER

The Company maintains 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, emphasizing the collective responsibility of employees in risk management. Risk management is considered the 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 organization.

KEY RISKS

Key risks	Risk Level	Impact	Response and mitigating action in 2025/26
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.	Implement rigorous cost analysis and control measures. Explore natural hedging strategies such as matching to manage currency risk. Maintain foreign currency 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. Substandard products in the market can shrink domestic market share.	Diversify product portfolio to cater to different industries. Explore export markets. Strong brand loyalty by the contractors and retail customers
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.	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.	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.	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.	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

As at 31st March 2026 the Committee comprised the following Directors:

Mr. P. E. A. B. Perera – Committee Chairman

Mr. S. M. S. C. Jayasuriya – Member

Mrs. V. G. S. S. Kotakadeniya – Member

TERMS OF REFERENCE

The 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, CSE listing Rules, the SEC Act, 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 on the progress of the annual audit plan, audit findings and following up on the issues presented.
- Assessing the independence and performance of the external auditors and making recommendations to the Board relating to the appointment, re-appointment and removal of the External Auditors.
- Defining the non-audit services to be obtained from the external auditors.
- Approving remuneration and terms of engagement of the External Auditors.
- Carrying out discussions in relation to the findings arising from the annual financial statements audit.
- Recommending to the Board the approval of the Annual Report and Audited Annual Financial Statements and Quarterly Reports.

ACTIVITIES IN 2025/2026

FINANCIAL REPORTING

The Audit Committee reviewed and recommended 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 ensured 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.

The Board obtained declarations from CEO/Managing Director and the group CFO that Company's interim and annual financial statements are prepared in conformity with applicable accounting standards, relevant laws and regulations and gives true and fair view of the financial position and performance, risk management and effectiveness of the internal controls.

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

INTERNAL AUDIT, RISK AND CONTROLS

The Committee reviewed the Internal Audit plan at regular intervals and accommodated changes to suit the operating environment and business needs. Performance of the Internal Auditors and the resourcing requirements were also monitored and discussed.

Monitoring of follow-up action was done to ensure audit findings are addressed in a timely manner.

The Committee also reviewed the adequacy and effectiveness of internal controls and risk management methods in place highlighting areas which required attention by the Board. Upon reviewing the processes established for identification, evaluation and management of operational risks faced by the Company during the year, the Committee was satisfied that an effective system of internal controls was in place to safeguard the Company's assets.

EXTERNAL AUDIT

Messrs. KPMG were appointed as the External Auditors of the Company since the Company's inception. As the engagement partner was rotated every 5 years, the Audit Committee is satisfied that the independence and objectivity of the External Auditors have not been adversely influenced by the firm's years of engagement or any event or audit/non audit services that could result in a conflict of interest. Due consideration has been given to the level of audit fees received by the External Auditors. The Company has not obtained any non audit services from KPMG during the year under review.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and a 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. On such declaration of independence, the Committee made a determination of the independence of auditors during the period under review. 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 2025/26, conducted by the Chairman and Committee Members and the review concluded that the Committee continues to operate effectively.



Mr. P. E. A. B. Perera
Chairman-Audit Committee

13th July 2026

REPORT OF THE BOARD REMUNERATION COMMITTEE

COMPOSITION

As at 31st March 2026 the Committee comprised the following Directors:

Prof. G. I. U. S. Perera – Committee Chairman

Mr. P. E. A. B. Perera – Member

Mr. D. S. K. Amarasekera – Member

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 those 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,
- Executive Directors and Chief Executive Officer.
- Succession Planning for key positions of the Company.

ACTIVITIES IN 2025/2026

- Evaluated the Company Remuneration Policy against the current market trends and industrial norms.
- Evaluated the performance of the Executive Directors including the Chief Executive Officer as well as the individual and collective performance of Directors and Senior Management.
- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their development needs and succession planning.

COMMITTEE EFFECTIVENESS

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

The Committee will continue to assist the Board of Directors by strengthening and presenting 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.



Prof. G. I. U. S. Perera
Chairman-Remuneration Committee

13th July 2026

REPORT OF THE BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

COMPOSITION

As at 31st March 2026 the Committee comprised the following Directors:

Prof. G. I. U. S. Perera – Committee Chairman

Mr. P. E. A. B. Perera – Member

Mr. M. A. P. N. Weerasinghe – Member

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 Practices on Related Party Transactions (2013) issued by the Securities & Exchange Commission 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 2025/2026

- 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 33 to the Financial Statements on pages 209-210.

COMMITTEE EFFECTIVENESS

The annual evaluation of the performance of the committee was carried out by it members 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 9.14 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.

A declaration by the Board of Directors as an affirmative statement of compliance with the Listing rules pertaining to RPTs is given in the Report of the Board of Directors set out in pages 150-153 of the report.



Prof. G. I. U. S. Perera
Chairman-Related Party Transactions Review Committee

13th July 2026

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

COMPOSITION

As at 31st March 2026 the Committee comprised the following Directors:

Mr. S. M. S. C. Jayasuriya – Committee Chairman

Mr. P. E. A. B. Perera – Member

Prof. G. I. U. S. Perera – Member

Mrs. V. G. S. S. Kotakadeniya – Member

TERMS OF REFERENCE (TOR) OF THE COMMITTEE

The Committee has adopted Section 9.11 of the Listing Rules of the Colombo Stock Exchange as its Terms of Reference.

KEY FUNCTIONS OF THE COMMITTEE

The Policy in place mandates the Committee to adopt best practices in ensuring that the Company maintains the highest standard of ethics while building value for all stakeholders. The Committee lead the process of all board nominations, board and subcommittee appointments taking into consideration their experience, skills, age, gender and independence/relationships; re-election and re-appointment; board induction, evaluation and discussion of outcomes at Board level; periodic succession planning for Board members in consultation with the Chairman; and review the CG framework considering applicable laws, rules and regulations, and continue to strengthen the Company's governance practices to promote transparency, accountability and shareholder confidence.

KEY ACTIVITIES IN 2025/2026

During the year under review, having assessed the fitness and propriety of the incumbent Directors, the Committee recommended the following Directors for re-election/appointment for the ensuing year under the provisions of Articles of Association of the Company:

1. To re-elect Mrs. V. G. S. S. Kotakadeniya in terms of Article No. 91 of the Articles of Association of the Company
2. To re-elect Mr. P. E. A. B. Perera in terms of Article No. 91 of the Articles of Association of the Company.
3. To re-appoint Mr. D. S. Panditha who is over 70 years of age as an Executive Director.

In its review the Committee also considered the aspects of independence/non independence, years of service, last re-election, collective skills and expertise that add value to the strategic needs of the Board and or its subcommittees, other principal obligations/ positions held at present and over the last three years in listed entities.

Evaluation of the Board Members including the Managing Director on performance, is undertaken annually. Responses are evaluated by the Chairman and recommendations or concerns discussed with the Board at a meeting and appropriate actions taken.

The Executive Directors as a practice, discuss key issues relating to the Company/Group and obtain feedback from the independent directors prior to implementation of decisions.

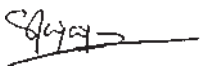
The Committee monitored evolving corporate governance regulations and ensured that the Company's internal policies were aligned to regulatory requirements. The Policy on Disclosure and Maintenance of Beneficial Ownership proposed by the Company Secretaries was reviewed and recommended for adoption in compliance with the amended Companies Act No. 12 of 2025.

The Company Secretaries and the Management ensure that the Board of Directors are kept updated on changes to laws, rules, regulations including the Listing Rules and applicable capital market provisions. Furthermore, the directors participate in related regulatory forums when necessary.

The Committee reviewed and were satisfied that all the criteria specified by the Listing Rules of the Colombo Stock Exchange have been met by the independent directors.

Key concerns of the Committee are escalated to the executive board members immediately for necessary action. The effectiveness of the Committee was evaluated at year end by each member and results reviewed and gaps communicated to the Board.

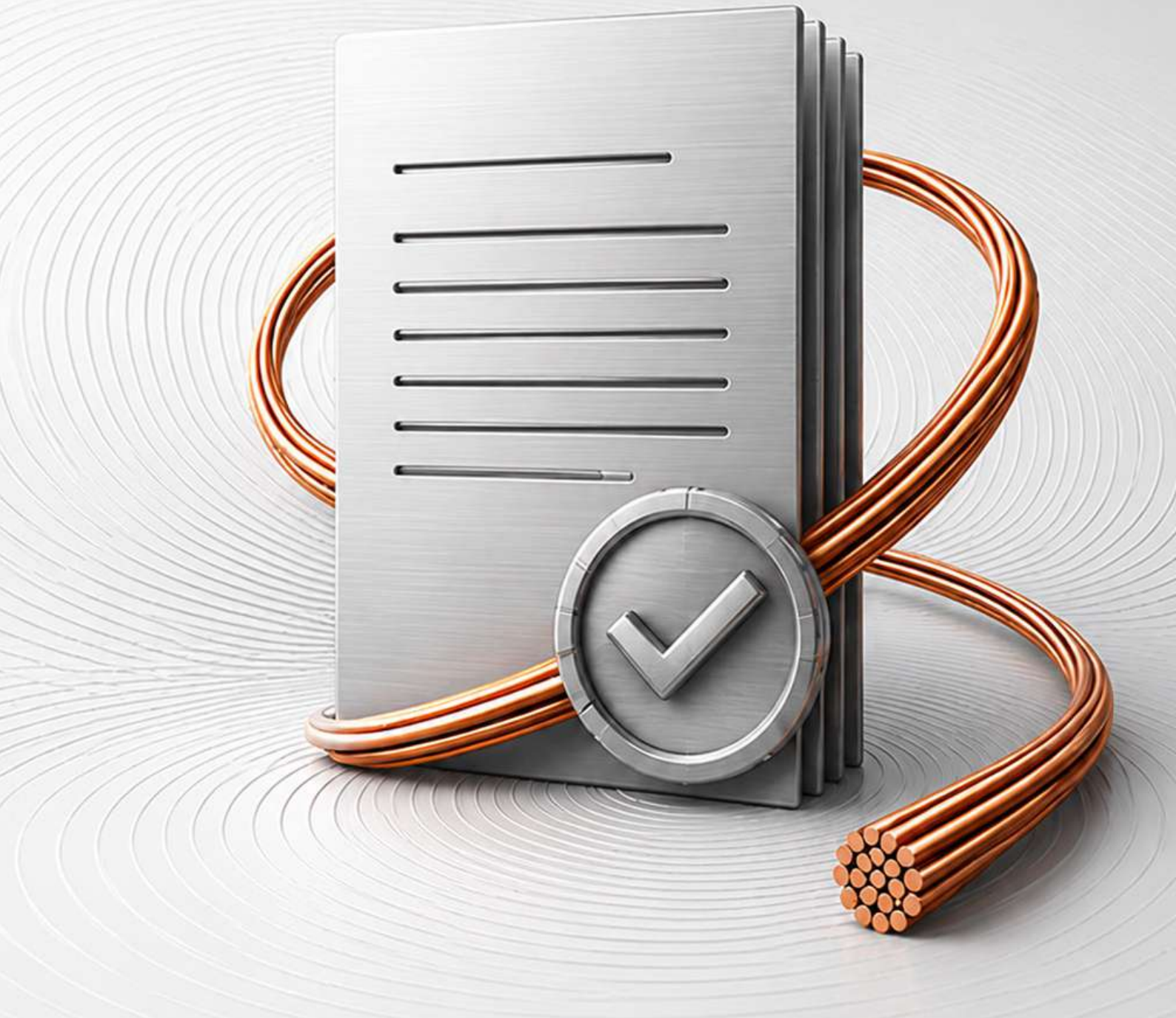
The Committee reviewed the level of compliance with the Corporate Governance Framework and confirm that all applicable requirements under Section 9 of the Listing Rules have been met as described in the Corporate Governance Report on pages 122-136.



Mr. S. M. S. C Jayasuriya
Chairman
Nomination and Governance Committee

13th July 2026

Financial Reports



STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2026 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 156 to 159 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.

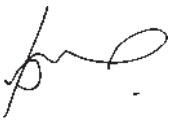
The Directors are of the view that they have discharged their responsibilities as set out in this statement.

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



Mr. I. C. Nanayakkara
Chairman/Non-Executive Director

13th July 2026

MANAGING DIRECTOR'S AND GROUP CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of the Company are prepared in compliance with the following regulations;

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- The Companies Act No. 07 of 2007
- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The Company has used the Accounting policies appropriately to prepare its Consolidated Financial Statements in a consistent manner except unless otherwise stated in the Notes accompanying the Financial Statements. No deviations from the prescribed Accounting Standards were reported in their adoption. The Audit committee of the Company has reviewed significant accounting policies and estimates that involved a high degree of judgement and complexity. The Comparative information has been provided whenever required to comply with the current presentation.

The Board and the Management hereby confirms that they are responsible for preparation and presentation of these financial statements which give a true and fair view of the financial performance and position of the Company. The relevant estimates and judgements were made on a prudent and reasonable basis. For this purpose, proper and adequate measures have been taken to adopt a system of internal controls and accounting records, which are reviewed and updated on a regular basis.

The Company continuously update its accounting controls to ensure prudence and completeness of the financial statements which ensures that the accounting records are free from error and omission. The existing internal controls are regularly reviewed and updated in order to ensure that it functions properly. All procedure manuals are updated whenever necessary and they are easily accessible to all the staff.

The Financial Statements of the Company and its subsidiaries for the financial year end of 31st March 2026 were audited by Messrs. KPMG, Chartered Accountants. Periodic internal audits have been conducted by the internal auditors of the Company to provide reasonable assurance that the Company has followed its established policies and procedures consistently. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The internal and external auditors of the Company are invited to join the quarterly Audit Committee meetings as and when required to review the performance or to discuss on the audit procedures adopted. Major audit observations and issues regarding any internal controls are discussed with the management during the meetings. Both auditors have free and full access to the members of the Audit committee to discuss any matters of substance.



Mr. Harsha Jayatunga
Managing Director



Mr. M. I. I. Ibrahim
Group Chief Financial Officer

13th July 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Sierra Cables PLC takes pleasure in presenting its Annual Report together with the Audited Financial Statements for the year ended 31st March 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing, marketing and distribution of power cables.

Sierra Cables East Africa Limited is engaged in sales of wires and cables in Kenya. Its associate and joint venture companies, T & G Lanka (Private) Limited and Cables PTE Limited respectively, have also diversified into manufacturing of cables. Furthermore, cable manufacture and sale operations have been expanded to Zambia and Maldives.

The Company's associate investment, The Tea Leaf Resort Holding (Pvt) Ltd, which has not commenced commercial operations is subject to a voluntary winding up in accordance with the provisions of the Companies Act No. 07 of 2007.

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 22-25 and the Managing Director's report on pages 26-30 of the Annual Report, together with the Financial Statements which reflects the state of affairs of the Company.

FINANCIAL STATEMENTS

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

The Financial statements together with the Notes thereon, found on pages 160 to 219 are in compliance with Sri Lanka Accounting Standards and the requirements of the Companies Act No. 7 of 2007.

AUDITORS' REPORT

M/s KPMG Chartered Accountants have carried out the audit of the Financial Statements for the financial year ended 31st March 2026 and their Report on the Financial Statements appear on pages 156 to 159 of this Annual Report.

AUDITORS

The Financial Statements for the year ended 31st March 2026 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. 2,982,000/- (2024/25 Rs. 2,840,000/-) 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.

FINANCIAL RESULTS

The Group made Profit After Taxation of Rs. 2,660 Mn during the year compared to Rs. 903 Mn in the previous year. The detailed results are given in the Income Statement on page 160.

DIVIDENDS

No dividends were declared 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 168 to 178 and changes to accounting policies made during the accounting period is described under Note 01-04 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 183 to 189.

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. (2024/2025 - 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 2026 amounted to Rs. 8,007,807,153/- as compared with Rs. 5,319,681,506/- in the previous year.

DONATIONS

Donations made by the Company during the year amounted to Rs. 4,011,584/-.

CAPITAL COMMITMENTS

Capital commitments made by the Company as at the reporting period as disclosed in the Note 30 of the financial statements.

PROVISION FOR 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 other than disclosed in note no. 29.1 as at the reporting date which require adjustments to or disclosure in the financials Statements.

POST BALANCE SHEET EVENTS

Post balance sheet events of the Company are disclosed in Note 31 of the financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors confirms that they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management through the Audit Committee.

The Enterprise Risk Management Division (ERM) periodically assesses procedures in relation to established guidelines for risk management and internal controls. The Audit Committee receive the ERM findings and any flaws or vulnerabilities found are communicated with the pertinent operational staff to ensure that the gravity of the position is understood by all and to expedite remedial action. Decisions are followed up at subsequent Board or Committee meetings. For the year under review the Directors affirm that they have received a reasonable guarantee of their effectiveness and successful adherence.

The details of the significant risks identified by the Company and strategies and actions adopted in managing them are set out on pages 139 to 141.

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.

THE BOARD OF DIRECTORS

The Board of Directors for the year under review comprise the following:

Mr. I. C. Nanayakkara - Non-Executive Chairman

Mr. M. A. P. N. Weerasingha - Executive Deputy Chairman

Mr. W. D. C. H. Jayatunga - Managing Director

Mr. D. S. Panditha - Executive Director

Mrs. V. G. S. S. Kotakadeniya - Non-Executive Director

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

Mr. P. D. G. Jayasena - Non-Executive Director

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

Mr. S. M. S. C. Jayasuriya - Independent Non-Executive Director

Prof. G. I. U. S. Perera - Independent Non-Executive Director

RE-ELECTION OF DIRECTORS

In accordance with Article 91 of the Articles of Association of the Company, Mrs. V. G. S. S. Kotakadeniya and Mr. P. E. A. B. Perera retire by rotation and, being eligible, offer themselves for re-election.

Mr. D. S. Panditha is subject to re-appointment under Section 210 of the Companies Act No. 7 of 2007.

The Directors recommend that, subject to shareholder approval, he be re-appointed as a Director 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. 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.

BOARD COMMITTEES

The Board has established the following Committees for better monitoring and guidance of different aspects of operations and control:

- The Audit Committee
- The Remuneration Committee
- The Related Party Transactions Review Committee
- The Nominations & Governance Committee

The reports of the respective Committees are included in this Report on pages 142 to 146.

COMPLIANCE WITH LAWS AND REGULATIONS

Through participation in various workshops/ forums and updates from the Company Secretaries and the Management, the Board of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions.

To the best of the knowledge of the Directors, the Company has not engaged in any activity that contravenes any applicable law or regulation, and has been in compliance with all prudential requirements, regulations and laws. Furthermore, the Directors confirm that there were no fines which are material imposed on the Company by any Governmental or regulatory authority in the country.

ENVIRONMENTAL PROTECTION

The Company complies with the relevant environmental laws, regulations and endeavours to comply with applicable best practices in its operations.

SUSTAINABILITY

The Company strives to integrate principles of sustainable practices and policies in its value chain through extensive stakeholder consultations, the findings of which are integrated into work-plans.

Following the comprehensive gap analysis conducted during the year, the Company has adopted SLFRS S1 and S2, the local standards introduced by CA Sri Lanka for sustainability-related financial disclosures and climate-specific disclosures. These local standards materially converged with the International Financial Reporting Standards (IFRS) S1 and S2 as issued by International Sustainability Standard Board (ISSB).

In compliance with the CSE reporting requirements for 2025/26, relevant disclosures are included in SLFRS S1 and S2 Disclosures on page 116.

CORPORATE GOVERNANCE

Board of Directors is committed towards maintaining an effective corporate governance framework by effectively implementing systems and structures required to ensuring best practices in 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 122 to 136.

RESPONSIBILITY STATEMENTS

The Managing Director's and Chief Financial Officer's responsibility statement appears on page 149. The Directors' statement on responsibility for financial reporting appears on page 148.

RELATED PARTY TRANSACTIONS

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2026 and that such transactions with the Company if any, have been disclosed while abstaining from voting on any matters of material interest.

In terms of LKAS 24, the Directors have disclosed transactions which are classified as related party transactions under Note 33.1 on pages 209 to 210 of the Financial Statements.

DIRECTORS' INTEREST IN CONTRACTS

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 minutes and entered in the interests register as provided for in Section 192(2) of the Companies Act No. 7 of 2007.

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 33.2.1 on page 210 of the financial statements. The Directors confirm that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director is materially interested in a contract or proposed contract with the Company, they would refrain from voting on such contracts.

The declarations made by the directors confirm that there are no financial, business, family or other material/relevant relationship(s) between The Chairman, Mr. I. C. Nanayakkara and Mr. W. D. C. H. Jayatunga, Managing Director and/or amongst the other members of the Board.

Other directorships held by the Directors in Sri Lanka are disclosed on pages 154-155 Directors of subsidiaries and associate companies are given on pages 154-155.

DIRECTORS' SHAREHOLDINGS

Name	31.03.2026	31.03.2025
Mr. I. C. Nanayakkara	-	-
Mr. M. A. P. N. Weerasingha	60,000	60,000
Mr. W. D. C. H. Jayatunga	-	-
Mr. D. S. Panditha	-	-
Mrs. V. G. S. S. Kotakadeniya	-	-
Mr. D. S. K. Amarasekara	-	-
Mr. P. D. G. Jayasena	1,000	1,000
Mr. P. E. A. B. Perera	-	-
Mr. S. M. S. C. Jayasuriya	-	-
Prof. G. I. U. S. Perera	-	-

DIRECTORS REMUNERATION AND OTHER BENEFITS OF DIRECTORS

Directors' remuneration in respect of the Company for the financial year 2025/2026 is given in Note 33.2.1 to the financial statements on page 210.

FIT AN PROPER ASSESSMENT OF DIRECTORS

In accordance wit Rule 9.7.4 of the Colombo Stock Exchange's Listing Rules, declaration were obtained from the directors attesting to their continuous satisfaction of the Listing Rules' fit and proper assessment criteria as of the declaration date and through out the financial year under review.

HUMAN RESOURCES

Human Capital Strategies of the Company are based on respected HR practices to attract and retain right people. Policies are in place to develop and motivate the workforce for current and future business needs of the Company.

Disciplinary matters are dealt according to the board approved policies in compliance with labour regulations. There was no occurrence of any issue detrimental to the harmonious industrial relations of the Company during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

CODE OF ETHICS

The Board sets the tone from the top to instill the right behaviors across all levels, from directors to staff, based on the Company's Code of Business Conduct and Ethics, which provides guidance to ensure duties are carried out with the highest standards of integrity. This also enable the Company to manage any potential impact with fair treatment. The Board confirms that there has not been any material breach of the Code during the year under review.

FAIR TREATMENT FOR STAKEHOLDERS

The Company has taken necessary measures to ensure fair and equitable treatment for all its stakeholders.

SHAREHOLDERS INFORMATION

The distribution and analysis of shareholding is given on page 222.

PUBLIC SHAREHOLDING

As at 31st March 2026 the public shareholding was 43.392% (2025 – 43.282%) representing 233,240,008 shares (2025 – 232,648,430) held by a total of 25,371 public shareholders (2025 – 20,522)

FLOAT ADJUSTED MARKET CAPITALISATION

The float adjusted market capitalization for the year ended 31st March 2026 was Rs. 6,600,618,240/-.

The float adjusted market capitalization of the Company falls under Option-3 as per section 7.13.1.i (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.

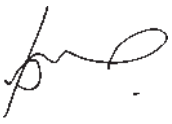
ANNUAL REPORT

The Board of Directors approved the Consolidated Financial Statements on 13th July 2026. 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.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 05th August 2026 at 10.30 a.m. as a virtual meeting and the Notice of Meeting is on page 226.

By Order of the Board





Mr. I. C. Nanayakkara
Chairman/Non-Executive Director

Mr. W. D. C. H. Jayatunga
Managing Director



LOLC Corporate Services (Private) Limited
Secretaries

13th July 2026
Colombo

DIRECTORS' DECLARATIONS

Name of the Director	Directorates as at 31.03.2026	Nature of appointment
Mr. I. C. Nanayakkara	Sierra Cables PLC	Non-Executive Chairman
	Brown & Company PLC	Executive Chairman
	L O L C Holdings PLC	Executive Chairman
	Browns Investments PLC	Executive Chairman
	Agstar PLC * (*resigned w.e.f. 12.05.2026)	Non-Executive Chairman
	LOLC Capital (Pvt) Ltd	Director
	Ceylon Graphene Technologies (Pvt) Ltd * (*resigned w.e.f. 12.05.2026)	Chairman
	LOLC Advanced Technologies (Pvt) Ltd * (*resigned w.e.f. 12.05.2026)	Director
Mr. M. A. P. N. Weerasingha	Sierra Cables PLC	Executive Deputy Chairman
	L O L C Geo Technologies (Private) Limited	Director
	Browns Properties (Pvt) Ltd	Director
	Browns Teas (Pvt) Ltd	Director
	BG Air Services (Pvt) Ltd	Director
	Browns Metal & Sands (Pvt) Ltd	Director
	FLPC Management (Pvt) Ltd	Director
	Browns Piling (Private) Ltd	Director
	Iconic Trust (Pvt) Ltd	Director
	Sansun Boutique (Pvt) Limited	Director
	Browns Developments Limited	Director
Mr. W. D. C. H. Jayatunga	Sierra Cables PLC	Managing Director
Mr. D. S. Panditha	Sierra Cables PLC	Executive Director
	Bhagya Industries (Pvt) Ltd	Director
	Xeptagon (Private) Limited	Director
	T & G Lanka (Pvt) Ltd	Director
Mr. D. S. K. Amarasekara	Sierra Cables PLC	Non-Executive Director
	Browns Investments PLC	Non-Executive Director
	Eden Hotel Lanka PLC	Non-Executive Director
	Palm Garden Hotels PLC	Non-Executive Director
	Serendib Hotels PLC	Non-Executive Director
	Dolphin Hotels PLC	Non-Executive Director
	Hotel Sigiriya PLC	Non-Executive Director
	Hapugastenne Plantations PLC	Non-Executive Director
	Udapussellawa Plantations PLC	Non-Executive Director
	Tea Smallholder Factories PLC	Non-Executive Director
Mrs. V. G. S. S. Kotakadeniya	Sierra Cables PLC	Non-Executive Director
	LOLC General Insurance PLC	Non-Executive Director
	Hapugastenne Plantations PLC	Non-Executive Director
	Udapussellawa Plantations PLC	Non-Executive Director
	Browns Metal & Sands (Pvt) Ltd	Non-Executive Director
	Maturata Plantations Ltd	Non-Executive Director
Mr. P. D. G. Jayasena	Sierra Cables PLC	Non-Executive Director
	LOLC Eco Solutions Ltd	Director
	LOLC Investments Ltd	Director
	LOLC Motors Limited (Amalgamated w.e.f 01st April 2026)	Director
	United Dendro Energy Ambalanthota (Pvt) Ltd	Director
	United Dendro Energy Walaweatte (Pvt) Ltd	Director
	Thurushakthi (Pvt) Ltd	Director
	East Coast Land Holdings (Pvt) Ltd	Director
	Green Orchard Property Investments (Pvt) Ltd	Director

Name of the Director	Directorates as at 31.03.2026	Nature of appointment
	Eagle Recoveries (Pvt) Limited	Director
	Dickwella Resorts (Pvt) Ltd	Director
	Sundaya Lanka (Private) Limited	Director
	L O L C Property Six (Private) Limited	Director
	L O L C Eco Technologies (Private) Limited	Director
	L O L C Investment Holdings Four (Private) Limited	Director
	Leapstitch Apparel (Private) Limited	Director
	LOLC Serendib (Pvt) Ltd	Director
	Commercial Factors (Private) Limited	Director
	B I Commodities and Logistics (Private) Limited	Director
	B G Air Services (Private) Limited	Director
	B I Zhongtian Holdings (Private) Limited	Director
	Browns Global Farm (Private) Limited	Director
	Browns Leisure (Private) Limited	Director
	Browns Properties (Private) Limited	Director
	Browns Teas (Private) Limited	Director
	F L P C Management (Private) Limited	Director
	General Accessories and Coating (Private) Limited	Director
	Green Paradise (Private) Limited	Director
	Sun & Fun Resorts (Private) Limited	Director
	Iconic Property Three (Private) Limited	Director
	Iconic Property Five (Private) Limited	Director
	Iconic Property Six (Private) Limited	Director
	Iconic Property Eight (Private) Limited	Director
	Iconic Property Nine (Private) Limited	Director
	Iconic Property Ten (Private) Limited	Director
	Iconic Property Thirteen (Private) Limited	Director
	Iconic Property Fifteen (Private) Limited	Director
	Iconic Property Seventeen (Private) Limited	Director
	Iconic Property Eighteen (Private) Limited	Director
	Iconic Property Twenty One (Private) Limited	Director
	Monkey Beach Estate (Pvt) Ltd	Director
	LOLC Factors Limited	Director
	LOLC Investment Holdings Two (Pvt) Ltd	Director
	Browns Engineering and Construction (Pvt) Ltd	Director
	Tropical Villas (Pvt) Ltd	Director
	Browns Property Holdings (Pvt) Ltd	Director
	Ceylon Roots Lanka (Pvt) Ltd	Director
	Sansun Boutique Hotels Limited	Director
Mr. P. E. A. B. Perera	Sierra Cables PLC	Independent Non - Executive Director
	Cargills Bank PLC	Independent Non - Executive Director
Mr. S. M. S. C. Jayasuriya	Sierra Cables PLC	Independent Non - Executive Director
	Agstar PLC	Independent Non - Executive Director
	CBC Finance PLC	Independent Non - Executive Director
Prof. G. I. U. S. Perera	Sierra Cables PLC	Independent Non - Executive Director

INDEPENDENT AUDITORS' REPORT

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

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TO THE SHAREHOLDERS OF SIERRA CABLES PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Sierra Cables PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2026, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 160 to 219 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 of March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company 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.

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R. G. H. Raddella ACA
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Ms. S. Joseph FCA
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Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Zlyard FCMA (UK), FCIT, K. Somasundaram ACMA(UK), Ms. D Corea Dharmaratne

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Carrying value of Inventories	
Refer note 17 to the financial statements and the accounting policies in note 3.6 to the Financial Statements.	
Risk Description	**Our response**
The Company and the Group recorded inventories of Rs. 5.020 Bn as at 31st March 2026 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. Given the level of judgements and estimates involved, this is considered to be a key audit matter.	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. ⊙ 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/roll-forward procedures to ensure the movements between the physical verification date and inventories as at reporting date is accurate. ⊙ 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 18 to the financial statements and the accounting policies in note 3.8.4 to the Financial Statements.	
Risk Description	**Our response**
The Company and the Group recorded trade receivable balance (net of impairment) of Rs. 4.862 Bn as at 31st March 2026. 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 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 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. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

KPMG

Colombo, Sri Lanka
13th July 2026

INCOME STATEMENT

For the year ended 31st March		Group		Company	
		2026	2025	2026	2025
	Note	Rs.	Rs.	Rs.	Rs.
Revenue	5	**15,976,595,572**	9,257,863,965	**15,976,595,572**	9,257,863,965
Cost of Sales		**(12,000,584,202)**	(6,914,069,222)	**(11,997,321,515)**	(6,910,806,535)
Gross Profit		**3,976,011,370**	2,343,794,743	**3,979,274,057**	2,347,057,430
Other Income	6	**58,276,558**	52,206,080	**69,894,509**	52,206,080
Selling and Distribution Expenses		**(536,725,919)**	(480,145,729)	**(536,725,919)**	(480,145,729)
Administrative Expenses		**(416,949,598)**	(510,524,288)	**(416,914,004)**	(510,489,392)
Profit from Operations	7	**3,080,612,411**	1,405,330,806	**3,095,528,643**	1,408,628,389
Finance Income	8.1	**765,313,097**	441,359,368	**762,960,710**	441,140,024
Finance Cost	8.2	**(923,257,152)**	(661,039,147)	**(923,257,152)**	(661,039,147)
Net Finance Costs	8	**(157,944,055)**	(219,679,779)	**(160,296,442)**	(219,899,123)
Share of Profit of Equity-Accounted Investees, (Net of Tax)	15	**156,042,776**	82,112,597	**-**	-
Profit Before Taxation		**3,078,711,132**	1,267,763,624	**2,935,232,201**	1,188,729,266
Income Tax Expense	9	**(419,052,759)**	(364,294,001)	**(419,052,759)**	(364,294,001)
Profit for the Year		**2,659,658,373**	903,469,623	**2,516,179,442**	824,435,265
Profit/(Loss) Attributable to:					
Owners of the Company		**2,659,542,533**	903,460,401	**2,516,179,442**	824,435,265
Non - Controlling Interests		**115,840**	9,222	**-**	-
Profit for the Year		**2,659,658,373**	903,469,623	**2,516,179,442**	824,435,265
Basic/Diluted Earnings Per Share	10	**4.95**	1.68	**4.68**	1.53

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 168 to 219 of the Annual Report.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March		Group		Company	
		2026	2025	2026	2025
	Note	Rs.	Rs.	Rs.	Rs.
Profit for the Year		**2,659,658,373**	903,469,623	**2,516,179,442**	824,435,265
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss					
Revaluation Surplus on Land , Building & Motor Vehicle	12	**-**	433,154,697	**-**	433,154,697
Deferred Tax Impact on Revaluation Surplus of Land & Building		**-**	(152,492,324)	**-**	(152,492,324)
Actuarial Gain/(Loss) on Defined Benefit Obligation, Net of Tax	23	**18,276,048**	(7,567,101)	**18,276,048**	(7,567,101)
Deferred Tax Impact on Actuarial Gain/ (Loss)	24.3	**(5,482,814)**	2,270,131	**(5,482,814)**	2,270,131
Equity Investments at FVOCI - Net Change in Fair Value		**15,463,042**	4,692,546	**15,463,042**	4,692,546
Items that are or may be Reclassified to Profit or Loss					
Foreign Operations- Foreign Currency Translation Difference		**344,040**	372,475	**-**	-
Other Comprehensive Income for the Year, Net of Tax		**28,600,316**	280,430,424	**28,256,276**	280,057,949
Total Comprehensive Income for the Year		**2,688,258,689**	1,183,900,047	**2,544,435,718**	1,104,493,214
Total Comprehensive Income Attributable to :					
Owners of the Company		**2,688,125,647**	1,183,872,201	**2,544,435,718**	1,104,493,214
Non - Controlling Interests		**133,042**	27,846	**-**	-
Total Comprehensive Income for the Year		**2,688,258,689**	1,183,900,047	**2,544,435,718**	1,104,493,214

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 168 to 219 of the Annual Report.

STATEMENT OF FINANCIAL POSITION

As at 31st March		Group		Company	
		2026	2025	2026	2025
	Note	Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	12	**4,614,466,368**	3,531,182,874	**4,788,128,500**	3,701,582,319
Intangible Assets	13	**3,488,142**	4,550,000	**3,488,142**	4,550,000
Investments in Subsidiaries	14	**-**	-	**-**	-
Investment in Equity-Accounted Investees	15	**434,389,594**	289,964,769	**31,610,163**	31,610,163
Other Non-Current Assets	16	**88,448,529**	72,932,094	**88,448,529**	72,932,094
Total Non-Current Assets		**5,140,792,633**	3,898,629,737	**4,911,675,334**	3,810,674,576
Current Assets					
Inventories	17	**5,019,736,263**	3,752,989,734	**5,019,736,263**	3,752,989,734
Trade and Other Receivables	18	**6,375,679,670**	2,334,331,337	**6,375,679,670**	2,334,331,337
Amounts due from Related Companies	19	**6,947,383,376**	2,438,576,217	**6,947,383,376**	2,438,576,217
Short Term Investment	20	**792,332**	744,723	**792,332**	744,723
Cash and Cash Equivalents	21	**439,082,449**	771,840,524	**432,045,624**	767,464,618
Total Current Assets		**18,782,674,090**	9,298,482,535	**18,775,637,265**	9,294,106,629
Total Assets		**23,923,466,723**	13,197,112,272	**23,687,312,599**	13,104,781,205
EQUITY AND LIABILITIES					
Equity					
Stated Capital	22.1	**894,565,898**	894,565,898	**894,565,898**	894,565,898
Revaluation Reserve	22.2	**1,604,336,308**	1,614,556,308	**1,448,460,605**	1,458,680,605
Fair Value Reserve	22.3	**50,255,414**	34,792,372	**50,255,414**	34,792,372
Foreign Currency Translation Reserve	22.4	**76,825,029**	76,498,191	**-**	-
Retained Earnings		**6,276,390,402**	3,593,834,635	**6,511,063,880**	3,971,871,204
Merger Reserve		**-**	-	**(237,775,033)**	(237,775,033)
Total Equity Attributable to Equity Holders of the Company		**8,902,373,051**	6,214,247,404	**8,666,570,764**	6,122,135,046
Non-Controlling Interest	14.3	**351,837**	218,795	**-**	-
Total Equity		**8,902,724,888**	6,214,466,199	**8,666,570,764**	6,122,135,046
Non-Current Liabilities					
Retirement Benefit Obligations	23	**104,848,310**	106,206,102	**104,848,310**	106,206,102
Deferred Tax Liabilities	24	**689,780,192**	676,808,620	**689,780,192**	676,808,620
Term Loans Due After One Year	25	**5,867,084,232**	1,384,572,349	**5,867,084,232**	1,384,572,349
Total Non-Current Liabilities		**6,661,712,734**	2,167,587,071	**6,661,712,734**	2,167,587,071
Current Liabilities					
Trade and Other Payables	26	**743,237,741**	782,684,764	**743,237,741**	782,684,850
Term Loans Due Within One Year	25	**2,031,156,366**	1,200,010,970	**2,031,156,366**	1,200,010,970
Amounts due to Related Companies	27	**671,562,786**	568,886,843	**671,562,786**	568,886,843
Import Demand Loans	28	**4,341,610,456**	1,980,730,797	**4,341,610,456**	1,980,730,797
Income Tax Payable		**337,459,727**	280,330,521	**337,459,727**	280,330,521
Bank Overdraft	21	**234,002,025**	2,415,107	**234,002,025**	2,415,107
Total Current Liabilities		**8,359,029,101**	4,815,059,002	**8,359,029,101**	4,815,059,088
Total Liabilities		**15,020,741,835**	6,982,646,073	**15,020,741,835**	6,982,646,159
Total Equity and Liabilities		**23,923,466,723**	13,197,112,272	**23,687,312,599**	13,104,781,205
Net Asset Value per Share		**16.56**	11.56	**16.12**	11.39

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 168 to 219 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.

Mr. R. D. S. Malinga
Head of Finance

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.

Mrs. V. G. S. S. Kotakadeniya
Director

Mr. W. D. C. H. Jayatunga
Director

13th July 2026
Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Attributable to Owners of the Company							
	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
Group	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Balance as at 1st April 2024	894,565,898	1,333,893,935	76,144,340	30,099,826	2,695,671,204	5,030,375,203	190,949	5,030,566,152
Profit for the Year	-	-	-	-	903,460,401	903,460,401	9,222	903,469,623
Other Comprehensive Income								
Equity Investments at FVOCI - Net Change in Fair Value	-	-	-	4,692,546	-	4,692,546	-	4,692,546
Actuarial Loss on Retirement Benefit Obligation, Net of Tax	-	-	-	-	(7,567,101)	(7,567,101)	-	(7,567,101)
Deferred Tax on Acturial Gain	-	-	-	-	2,270,131	2,270,131	-	2,270,131
Revaluation Surplus on Land ,Building & Motor Vehicles		433,154,697				433,154,697		433,154,697
Deferred Tax Impact on Revaluation surplus on Land & Building	-	(152,492,324)	-	-	-	(152,492,324)	-	(152,492,324)
Net exchange Differences on Translation of Foreign Operations	-	-	353,851	-	-	353,851	18,624	372,475
Total Comprehensive Income for the Year	-	280,662,373	353,851	4,692,546	898,163,431	1,183,872,201	27,846	1,183,900,047
Balance as at 31st March 2025	894,565,898	1,614,556,308	76,498,191	34,792,372	3,593,834,635	6,214,247,404	218,795	6,214,466,199

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 168 to 219 of the Annual Report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Attributable to Owners of the Company							
	Stated Capital	Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Retained Earnings	Total	Non Controlling Interest	Total Equity
Group	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Balance as at 01st April 2025	894,565,898	1,614,556,308	76,498,191	34,792,372	3,593,834,635	6,214,247,404	218,795	6,214,466,199
Profit for the Year	-	-	-	-	2,659,542,533	2,659,542,533	115,840	2,659,658,373
Other Comprehensive Income								
Equity Investments at FVOCI - Net Change in Fair Value	-	-	-	15,463,042	-	15,463,042	-	15,463,042
Actuarial Gain on Defined Benefit Obligation, Net of Tax	-	-	-	-	18,276,048	18,276,048	-	18,276,048
Deferred Tax on Acturial Gain	-	-	-	-	(5,482,814)	(5,482,814)	-	(5,482,814)
Net exchange Differences on Translation of Foreign Operations	-	-	326,838	-	-	326,838	17,202	344,040
Total Comprehensive Income for the Year	-	-	326,838	15,463,042	2,672,335,767	2,688,125,647	133,042	2,688,258,689
Transfer of Revaluation surplus on disposal of asset		(10,220,000)	-	-	10,220,000	-	-	-
Balance as at 31st March 2026	894,565,898	1,604,336,308	76,825,029	50,255,414	6,276,390,402	8,902,373,051	351,837	8,902,724,888

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 168 to 219 of the Annual Report.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Stated Capital	Revaluation Reserve	Fair Value Reserve	Merger Reserve	Retained Earnings	Total
Company	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Balance as at 1st April 2024	894,565,898	1,178,018,232	30,099,826	(237,775,033)	3,152,732,909	5,017,641,832
Profit for the Year	-	-	-	-	824,435,265	824,435,265
Other Comprehensive Income						
Equity Investments at FVOCI - Net Change in Fair Value	-	-	4,692,546	-	-	4,692,546
Revaluation Surplus on Land ,Building & Motor Vehicles	-	433,154,697	-	-	-	433,154,697
Deferred Tax Impact on Revaluation surplus on Land & Building	-	(152,492,324)	-	-	-	(152,492,324)
Actuarial Loss on Retirement Benefit Obligation, Net of Tax	-	-	-	-	(7,567,101)	(7,567,101)
Deferred Tax on Acturial Gain	-	-	-	-	2,270,131	2,270,131
Total Comprehensive Income for the Year	-	280,662,373	4,692,546	-	819,138,295	1,104,493,214
Balance as at 31st March 2025	894,565,898	1,458,680,605	34,792,372	(237,775,033)	3,971,871,204	6,122,135,046
Balance as at 1st April 2025	894,565,898	1,458,680,605	34,792,372	(237,775,033)	3,971,871,204	6,122,135,046
Profit for the Year	-	-	-	-	2,516,179,442	2,516,179,442
Other Comprehensive Income						
Equity Investments at FVOCI - Net Change in Fair Value	-	-	15,463,042	-	-	15,463,042
Actuarial Gain/(Loss) on Defined Benefit Obligation, Net of Tax	-	-	-	-	18,276,048	18,276,048
Deferred Tax on Acturial Gain	-	-	-	-	(5,482,814)	(5,482,814)
Total Comprehensive Income for the Year	-	-	15,463,042	-	2,528,972,676	2,544,435,718
Transfer of Revaluation surplus on disposal of asset	-	(10,220,000)	-	-	10,220,000	-
Balance as at 31st March 2026	894,565,898	1,448,460,605	50,255,414	(237,775,033)	6,511,063,880	8,666,570,764

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 168 to 219 of the Annual Report.

STATEMENT OF CASH FLOW

For the year ended 31st March		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities					
Profit Before Tax		**3,078,711,132**	1,267,763,624	**2,935,232,201**	1,188,729,266
Adjustments for:					
Depreciation	12	**181,538,324**	180,709,734	**178,275,637**	177,447,047
Amortization of Intangible Asset	13	**1,418,708**	1,400,000	**1,418,708**	1,400,000
Provision / (Reversal) for Impairment of Trade Receivables	18.1.1	**125,150,800**	62,870,692	**125,150,800**	62,870,692
Provision for Related Party Trade Receivable	19.3	**1,501,874**	-	**1,501,874**	-
Gain on Disposal of Property, Plant and Equipment	6	**(374,011)**	-	**(374,011)**	-
Share of Profit of Equity-Accounted Investees, (Net of Tax)	15	**(156,042,776)**	(82,112,597)	**-**	-
Write Off of Inventory		**-**	188,129,342	**-**	188,129,342
Provision for Impairment of Inventories	17.1	**43,654,277**	36,664,693	**43,654,277**	36,664,693
Provision for Impairment of Other Receivables	18	**38,763,002**	51,528,407	**38,763,002**	51,528,407
Provision for Employee Benefit Obligation	23	**18,889,370**	17,481,943	**18,889,370**	17,481,943
Unrealized Net Foreign Exchange Gain/Loss		**(37,623,923)**	(27,487,348)	**(37,623,923)**	(27,487,348)
Interest Expenses	8.2	**923,257,152**	661,039,147	**923,257,152**	661,039,147
Interest Income	8.1	**(541,582,081)**	(362,872,117)	**(541,522,404)**	(362,814,713)
Dividend Income	8.1	**(153,650)**	(569,914)	**(11,771,601)**	(569,914)
Operating Profit Before Working Capital Changes		**3,677,108,198**	1,994,545,606	**3,674,851,082**	1,994,418,562
(Increase)/Decrease in Inventories		**(1,310,400,806)**	(1,660,947,191)	**(1,310,400,805)**	(1,660,947,191)
(Increase)/Decrease in Trade and Other Receivables		**(4,149,953,728)**	(357,412,498)	**(4,149,953,728)**	(357,412,498)
(Increase)/Decrease in Dues from Related Parties		**(507,261)**	36,612,295	**(507,261)**	36,612,295
Increase/(Decrease) in Trade and Other Payables		**(57,131,507)**	175,044,740	**(57,131,594)**	175,245,925
Increase/(Decrease) in Dues to Related Parties		**30,148,995**	210,534,317	**30,148,995**	210,534,317
Cash Generated from Operations		**(1,810,736,109)**	398,377,269	**(1,812,993,311)**	398,451,411
Interest Expense Paid		**(850,730,204)**	(588,311,011)	**(850,730,204)**	(588,512,196)
Income Tax Paid		**(352,253,834)**	(194,155,639)	**(352,253,834)**	(194,155,639)
Retirement Benefit Paid	23	**(1,971,114)**	(8,313,522)	**(1,971,114)**	(8,313,522)
Net Cash From/(Used In) Operating Activities		**(3,015,691,261)**	(392,402,903)	**(3,017,948,463)**	(392,529,946)

For the year ended 31st March		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flows from Investing Activities					
Interest Income Received		**6,464,676**	21,545,871	**6,404,999**	21,488,467
Dividend Received from Equity-Accounted Investees		**9,875,258**	-	**9,875,258**	-
Dividend Received from FVOCI Investment		**84,107**	494,330	**84,107**	494,330
Purchase of Property, Plant and Equipments	12	**(1,269,063,485)**	(709,277,282)	**(1,269,063,485)**	(709,277,282)
Acquisition of Intangible Assets		**(356,850)**	-	**(356,850)**	-
Proceeds from Disposal of Property, Plant and Equipment		**4,615,678**	-	**4,615,678**	-
Disposal of FVOCI Investment		**-**	37,518,626	**-**	37,518,626
Loan Granted to Related Parties		**(6,209,154,094)**	(1,600,000,000)	**(6,209,154,094)**	(1,600,000,000)
Loan Settled by Related Parties		**2,234,000,000**	960,197,451	**2,234,000,000**	960,197,451
Net Cash From/(Used In) Investing Activities		**(5,223,534,710)**	(1,289,521,004)	**(5,223,594,387)**	(1,289,578,408)
Cash Flows from Financing Activities					
Proceed from Interest-Bearing Borrowings		**18,143,819,171**	8,391,032,712	**18,143,819,171**	8,391,032,712
Repayment of Interest-Bearing Borrowings		**(10,469,282,233)**	(6,152,973,876)	**(10,469,282,233)**	(6,152,973,876)
Net Cash Flows Generated From/(Used In) Financing Activities		**7,674,536,938**	2,238,058,836	**7,674,536,938**	2,238,058,836
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(564,689,033)**	556,134,929	**(567,005,912)**	555,950,481
Effect of Movement in Exchange Rates		**344,040**	372,475	**-**	-
Cash and Cash Equivalents at the Beginning of the Year		**769,425,417**	212,918,013	**765,049,511**	209,099,030
Cash and Cash Equivalents at the End of the Year		**205,080,424**	769,425,417	**198,043,599**	765,049,511
Analysis of Cash & Cash Equivalents					
Cash in Hand and at Bank	21	**439,082,449**	771,840,524	**432,045,624**	767,464,618
Bank Overdraft	21	**(234,002,025)**	(2,415,107)	**(234,002,025)**	(2,415,107)
		205,080,424	769,425,417	**198,043,599**	765,049,511

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 168 to 219 of the Annual Report.

NOTES TO THE FINANCIAL STATEMENTS

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, Galvarusa Road, Korathota, Kaduwela.

The consolidated Financial Statements of the Group as at and for the year ended 31st March 2026 comprise the Financial Statements of the Company and its subsidiaries (together referred as the "Group" individually as Group entities) and the Group's interest in equity accounted investees.

The immediate parent of Sierra Cables PLC is Browns Investments PLC, and the ultimate parent is LOLC Holdings PLC.

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:

SUBSIDIARY

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

ASSOCIATES

T & G Lanka (Private) Limited - Manufacturing of Fiber Optical Cables, Electrical and Electronic Cables and sub-assemblies for Export

Cables PTE Limited - Manufacturing and Wholesale of Cables

The Tea Leaf Resort Holding (Pvt) Ltd - Leisure Sector

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the Accounting Standards), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statement of Recommended Practices (SoRPs);
- Statement of Alternative Treatments (SoATs) and Financial Reporting Guidelines issued by CA Sri Lanka

The Accounting Standards alone with FAQs issued are available at the web site of CA Sri Lanka www.casrilanka.com

2.2. APPROVAL OF FINANCIAL STATEMENTS BY DIRECTORS

The Financial Statements of the Group and the Company for the year ended 31st March 2026 were approved and authorised for issue by the Board of Directors on 13th July 2026.

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.
- 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 2026.

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 significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Note 3.3 – Property, plant and equipment

Note 3.4 – Intangible assets

Note 3.9 – Impairment

Note 3.10 – Defined benefit plan

Note 3.11 – Provisions

Note 3.16 – Income tax

Assumptions and Estimation Uncertainties

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.

- Measurement of defined benefit obligation: key actuarial assumptions.
- 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.
- 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.

The group recognizes transfers between level of the fair-value hierarchy at the end of the reporting period during which the change has occurred.

3. MATERIAL 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 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.

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 losses 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 a 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.

3.1.8. AMALGAMATION OF BUSINESS WITH A COMMON CONTROL COMBINATION

In its consolidated financial statements, the acquirer is permitted, but not required to re-present its comparatives and adjust its current reporting period before the date of the transaction as if the combination had occurred before start of the earliest period presented.

As per the company's accounting policies, amalgamation of two entities under common control is accounted by adding assets and liabilities as at the amalgamated date to the controlling entity and directly recognising the excess in the Statement of Changes in Equity as amalgamated reserve.

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.

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 ringing 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 whereas 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.

3.4. INTANGIBLE ASSETS

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. 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.

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.

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. 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

3.7. 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.

3.8. FINANCIAL INSTRUMENTS

3.8.1. 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.

3.8.2. 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.

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 - 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 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.
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. 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.

3.8.3. DERECOGNITION

3.8.3.1. 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.

3.8.3.2. 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.

3.8.4. 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;

- 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.

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. the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

3.8.5. 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. 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.

3.10. 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 23.2 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.

3.11. 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.

3.12. 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.

No information is provided about remaining performance obligations at 31st March 2026 or at 31st March 2025 that are part of contracts that have an original expected duration of one year or less, as allowed by SLFRS 15.

3.13. 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.

3.14. 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.

3.15. 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".

3.15.1. 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.

3.15.2. 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;

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.

3.16. 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.

3.17. THE STATEMENT OF CASH FLOWS

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of statement of cash flows which has been prepared using the 'Indirect Method'.

3.18. 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.

3.19. 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.

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

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these Financial Statements.

SLFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the Financial Statements.
- Enhanced guidance is provided on how to company information in the Financial Statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the Statement of Cash Flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's Statements of Profit or Loss, the Statement of Cash Flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is presented in the financial statements, including for items currently labelled as 'other'.

OTHER ACCOUNTING STANDARDS

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

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7) and
- Contracts Referencing Nature-dependent Electricity (Amendments to SLFRS 9 and SLFRS 7)

5. REVENUE

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Local Sales	**11,015,328,635**	8,177,518,803	**11,015,328,635**	8,177,518,803
Export Sales	**4,961,266,937**	1,080,345,162	**4,961,266,937**	1,080,345,162
	15,976,595,572	9,257,863,965	**15,976,595,572**	9,257,863,965

6. OTHER INCOME

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Dividend Income from Associate Companies	**-**	-	**11,617,951**	-
Gain on Disposal of Property, Plant and Equipment	**374,011**	-	**374,011**	-
Scrap Sales	**39,170,727**	24,250,460	**39,170,727**	24,250,460
Income on Solar Power Generation	**15,791,820**	26,855,620	**15,791,820**	26,855,620
Rent Income	**2,940,000**	1,100,000	**2,940,000**	1,100,000
	58,276,558	52,206,080	**69,894,509**	52,206,080

7. PROFIT FROM OPERATIONS

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

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Directors' Fees and Emoluments	**47,070,000**	33,025,000	**47,070,000**	33,025,000
Auditors' Remuneration - Audit	**2,982,000**	2,840,000	**2,982,000**	2,840,000
- Audit Related Services	**300,000**	300,000	**300,000**	300,000
Depreciation and Amortization	**182,957,032**	182,109,734	**179,694,345**	178,847,047
Provision / (Reversal) for Impairment of Inventories	**43,654,277**	36,664,693	**43,654,277**	36,664,693
Write Off of Inventories	**-**	188,129,342	**-**	188,129,342
Provision for Impairment of Other Receivables	**38,763,002**	51,528,407	**38,763,002**	51,528,407
Provision/(Reversal) for Impairment of Trade Receivables	**125,150,800**	62,870,692	**125,150,800**	62,870,692
Provision/(Reversal) for Impairment of Related Party Trade Receivables	**1,501,874**	-	**1,501,874**	-
Donations	**4,011,584**	2,685,207	**4,011,584**	2,685,207
Personnel Costs				
Salaries, Wages and Related Costs	**356,183,375**	272,447,452	**356,183,375**	272,447,452
Defined Contribution Plan Cost	**35,132,279**	29,191,595	**35,132,279**	29,191,595
Defined Benefit Plan Cost (Note 23)	**18,889,370**	17,481,943	**18,889,370**	17,481,943

8. NET FINANCE COSTS

8.1. FINANCE INCOME

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Interest Income	**541,582,081**	362,872,117	**541,522,404**	362,814,713
Dividend Income from Quoted Investments	**153,650**	569,914	**153,650**	569,914
Net Exchange Gain	**223,577,366**	77,917,337	**221,284,656**	77,755,397
	765,313,097	441,359,368	**762,960,710**	441,140,024

8.2. FINANCE COSTS

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Interest on - Overdraft	**11,970,259**	1,150,595	**11,970,259**	1,150,595
- Import Demand Loans	**274,488,464**	212,657,196	**274,488,464**	212,657,196
- Term Loans	**636,798,429**	447,231,356	**636,798,429**	447,231,356
	923,257,152	661,039,147	**923,257,152**	661,039,147
Net Finance Costs	**157,944,055**	219,679,779	**160,296,442**	219,899,123

9. INCOME TAX EXPENSE

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Income Tax on Profit for the Year (Note 9.1)	**381,177,649**	397,399,665	**381,177,649**	397,399,665
(Over)/Under Provision in respect of Previous Year	**30,386,352**	(44,250,989)	**30,386,352**	(44,250,989)
Deferred Tax Provision /(Reversal) (Note 24.3)	**7,488,758**	11,145,325	**7,488,758**	11,145,325
	419,052,759	364,294,001	**419,052,759**	364,294,001

9.1. RECONCILIATION BETWEEN ACCOUNTING PROFIT/(LOSS) AND TAX EXPENSE

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Profit/(Loss) Before Tax	**3,078,711,132**	1,267,763,624	**2,935,232,201**	1,188,729,266
Share of Loss/(Profit) of Equity-Accounted Investees	**(156,042,776)**	(82,112,597)	**-**	-
Consolidation Adjustment	**12,563,845**	3,078,239	**-**	-
	2,935,232,201	1,188,729,266	**2,935,232,201**	1,188,729,266

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Exempt Amounts, Final withholding payments & Other Sources	**(594,605,954)**	(391,340,247)	**(594,605,954)**	(391,340,247)
Aggregate Disallowable Expenses	**373,507,138**	324,778,170	**373,507,138**	324,778,170
Aggregate Allowable expenses	**(1,991,144,416)**	(187,843,140)	**(1,991,144,416)**	(187,843,140)
Taxable Profit from Business	**722,988,969**	934,324,049	**722,988,969**	934,324,049
Income from Other Sources	**553,466,001**	390,341,500	**553,466,001**	390,341,500
Total Statutory Income	**1,276,454,970**	1,324,665,549	**1,276,454,970**	1,324,665,549
Taxable Income	**1,276,454,970**	1,324,665,549	**1,276,454,970**	1,324,665,549
Income Tax				
Tax on Dividend Income @ 15%	**1,758,842**	-	**1,758,842**	-
Tax on Business Income @ 30%	**379,418,807**	397,399,665	**379,418,807**	397,399,665
	381,177,649	397,399,665	**381,177,649**	397,399,665
Tax expense	**381,177,649**	397,399,665	**381,177,649**	397,399,665
(Over)/Under Provision in respect of Previous Year	**30,386,352**	(44,250,989)	**30,386,352**	(44,250,989)
Deferred Tax Provision /(Reversal)	**7,488,758**	11,145,325	**7,488,758**	11,145,325
Tax Expenses	**419,052,759**	364,294,001	**419,052,759**	364,294,001

9.2. ACCUMULATED TAX LOSSES

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**137,671,794**	137,299,319	**-**	-
Exchange Difference	**344,040**	372,475	**-**	-
Write off of Unclaimable Tax Losses	**(138,015,834)**	-	**-**	-
Balance as at 31st March	**-**	137,671,794	**-**	-

SIERRA CABLES PLC

The Company is liable for income tax in accordance with Inland Revenue Act No. 24 of 2017 and income tax has been calculated and accounted on the taxable income from Dividend at the rate of 15% and taxable income from all other segments of the Company taxable at a standard rate of 30% for the Year of Assessment.

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.

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Profits Attributable to Ordinary Shareholders (Rs.)	**2,659,542,533**	903,460,401	**2,516,179,442**	824,435,265
Weighted Average Number of Ordinary Shares	**537,512,430**	537,512,430	**537,512,430**	537,512,430
Basic Earnings Per Share (Rs.)	**4.95**	1.68	**4.68**	1.53

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.

11. DIVIDEND PER SHARE

For the year ended 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
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 2026	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group									
Cost / Valuation									
Balance as at 1st April	1,236,805,400	1,517,406,136	1,261,117,018	103,139,590	7,015,573	306,235,126	55,197,759	612,945,095	5,099,861,698
Additions	12,571,000	26,025,408	44,991,527	16,788,340	2,544,175	95,431,398	4,861,028	1,065,850,609	1,269,063,485
Transfers during the year	-	366,290,735	1,172,864,672	-	-	115,843,137	-	(1,654,998,544)	-
Disposals	-	-	-	(12,636,200)	-	-	-	-	(12,636,200)
Balance as at 31st March	1,249,376,400	1,909,722,279	2,478,973,217	107,291,730	9,559,748	517,509,661	60,058,787	23,797,160	6,356,288,983
Depreciation									
Balance as at 1st April	-	392,718,598	804,138,815	58,016,832	5,808,831	264,870,171	43,125,577	-	1,568,678,824
Charge for the Year	-	75,865,568	64,657,357	14,794,317	570,777	21,423,310	4,226,995	-	181,538,324
Disposals	-	-	-	(8,394,533)	-	-	-	-	(8,394,533)
Balance as at 31st March	-	468,584,166	868,796,172	64,416,616	6,379,608	286,293,481	47,352,572	-	1,741,822,615
Net Book Value									
Balance as at 31st March 2025	1,239,805,400	1,124,687,538	456,978,203	45,122,758	1,206,742	41,364,955	12,072,182	612,945,095	3,531,182,874
Balance as at 31st March 2026	1,249,376,400	1,441,138,113	1,610,177,045	42,875,114	3,180,140	231,216,180	12,706,215	23,797,160	4,614,466,368

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 32 to the Financial Statements.

As at 31st March 2025	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group									
Cost / Valuation									
Balance as at 1st April	1,057,507,000	1,238,285,090	1,228,214,862	64,151,054	5,970,986	286,355,425	47,684,607	29,260,694	3,957,429,719
Additions	22,910,000	40,656,844	32,902,156	686,441	1,044,587	19,879,701	7,513,152	583,684,401	709,277,282
Surplus on Revaluation	156,388,400	238,464,202	-	38,302,095	-	-	-	-	433,154,697
Balance as at 31st March	1,236,805,400	1,517,406,136	1,261,117,018	103,139,590	7,015,573	306,235,126	55,197,759	612,945,095	5,099,861,698
Depreciation									
Balance as at 1st April	-	330,677,793	737,759,720	48,492,462	5,700,303	225,158,572	40,180,240	-	1,387,969,090
Charge for the Year	-	62,040,805	66,379,095	9,524,370	108,528	39,711,599	2,945,337	-	180,709,734
Balance as at 31st March	-	392,718,598	804,138,815	58,016,832	5,808,831	264,870,171	43,125,577	-	1,568,678,824
Net Book Value									
Balance as at 31st March 2024	1,057,507,000	907,607,297	490,455,142	15,658,592	270,683	61,196,853	7,504,367	29,260,694	2,569,460,629
Balance as at 31st March 2025	1,236,805,400	1,124,687,538	456,978,203	45,122,758	1,206,742	41,364,955	12,072,182	612,945,095	3,531,182,874

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 32 to the Financial Statements.

As at 31st March 2026	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company									
Cost / Valuation									
Balance as at 1st April	1,236,805,400	1,507,019,660	1,143,258,949	96,849,751	6,798,699	314,324,275	52,951,512	758,806,381	5,116,814,627
Additions	12,571,000	26,025,408	44,991,527	16,788,340	2,544,175	95,431,398	4,861,028	1,065,850,609	1,269,063,485
Transfers during the year	-	366,290,735	1,318,725,958	-	-	115,843,137	-	(1,800,859,830)	-
Disposals				(12,636,200)					(12,636,200)
Balance as at 31st March	1,249,376,400	1,899,335,803	2,506,976,434	101,001,891	9,342,874	525,598,810	57,812,540	23,797,160	6,373,241,912
Depreciation									
Balance as at 1st April	-	382,332,124	668,875,183	51,726,995	5,591,957	265,700,897	41,005,152	-	1,415,232,308
Charge for the Year	-	75,865,568	61,394,670	14,794,317	570,777	21,423,310	4,226,995	-	178,275,637
Disposal	-	-	-	(8,394,533)	-	-	-	-	(8,394,533)
Balance as at 31st March	-	458,197,692	730,269,853	58,126,779	6,162,734	287,124,207	45,232,147	-	1,585,113,412
Net Book Value									
Balance as at 31st March 2025	1,236,805,400	1,124,687,536	474,383,766	45,122,756	1,206,742	48,623,378	11,946,360	758,806,381	3,701,582,319
Balance as at 31st March 2026	1,249,376,400	1,441,138,111	1,776,706,581	42,875,112	3,180,140	238,474,603	12,580,393	23,797,160	4,788,128,500

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 32 to the Financial Statements.

As at 31st March 2025	Land	Buildings	Plant and Machinery	Motor Vehicle	Furniture and Fittings	Factory Equipment	Office & Computer Equipment	Capital Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company									
Balance as at 1st April	1,057,507,000	1,227,898,614	1,110,356,793	57,861,215	5,754,112	294,444,574	45,438,360	175,121,980	3,974,382,648
Additions	22,910,000	40,656,844	32,902,156	686,441	1,044,587	19,879,701	7,513,152	583,684,401	709,277,282
Surplus on Revaluation	156,388,400	238,464,202		38,302,095	-	-	-	-	433,154,697
Balance as at 31st March	1,236,805,400	1,507,019,660	1,143,258,949	96,849,751	6,798,699	314,324,275	52,951,512	758,806,381	5,116,814,627
Depreciation									
Balance as at 1st April	-	320,291,319	605,758,775	42,202,625	5,483,429	225,989,298	38,059,815	-	1,237,785,261
Charge for the Year		62,040,805	63,116,408	9,524,370	108,528	39,711,599	2,945,337		177,447,047
Balance as at 31st March	-	382,332,124	668,875,183	51,726,995	5,591,957	265,700,897	41,005,152	-	1,415,232,308
Net Book Value									
Balance as at 31st March 2024	1,057,507,000	907,607,295	504,598,018	15,658,590	270,683	68,455,276	7,378,545	175,121,980	2,736,597,387
Balance as at 31st March 2025	1,236,805,400	1,124,687,536	474,383,766	45,122,756	1,206,742	48,623,378	11,946,360	758,806,381	3,701,582,319

Assets pledged as security against the long term and short term borrowings have been disclosed in Note 32 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	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Machinery	**154,723,220**	152,341,402	**154,723,220**	152,341,402
Furniture and Fittings	**5,429,950**	5,429,950	**5,429,950**	5,429,950
Factory Equipment	**248,457,518**	228,116,683	**248,457,518**	228,116,683
Office & Computer Equipment	**37,700,984**	34,176,813	**37,700,984**	34,176,813
	446,311,672	420,064,849	**446,311,672**	420,064,849

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 24 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)	Inter-relationship between key unobservable inputs and fair value measurement	Carrying Value of Revalued Assets as at 31st March 2026 if carried at Historical Cost Rs.	Carrying Value of Revalued Assets as at 31st March 2026 Rs
Land, buildings at Sierra Cables PLC Galwarusa Road, Korathota (within the limits of kaduwela Pradeshiya Sabha)	Market Approach	31st March 2025	LKR 450,000-850,000	LKR 250 - LKR 9,500	25	Mrs. Wathsala Wickramanayake. FRICS(UK),B. Sc EMV (Sp) (Hons), Chartered Valuation Surveyor	11.2816	The estimated fair value would increase (Decrease) if: ⊙ Price per perch were higher (lower); ⊙ Market adjustment factors were more (less) favourable ⊙ Remaining useful life of the building were longer (shorter); ⊙ Physical and functional depreciation were lower (higher).	379,958,060	2,249,253,836
									379,958,060	2,249,253,836
Land, building at Sierra Cables PLC Kananvila Village, Horana (within the limits of Horana Pradeshiya Sabha)	Market Approach	31st March 2025	LKR 200,000-300,000	LKR 3,000	2	Mrs. Wathsala Wickramanayake. FRICS(UK),B. Sc EMV (Sp) (Hons), Chartered Valuation Surveyor	0.35625	The extimated fair value would increase (Decrease) if: ⊙ Price per perch were higher (lower); ⊙ Market adjustment factors were more (less) favourable ⊙ Remaining useful life of the building were longer (shorter); ⊙ Physical and functional depreciation were lower (higher).	28,927,304	36,373,532
									28,927,304	36,373,532

Motor Vehicle	Method of Valuation	Effective date of valuation	Significant Unobservable Inputs	No of Vehicles	Valuer	Inter-relationship between key unobservable inputs and fair value measurement	Carrying Value of Revalued Assets as at 31st March 2026 if carried at Historical Cost Rs.	Carrying Value of Revalued Assets as at 31st March 2026 Rs
Motor Vehicle of Sierra Cables PLC	Market Approach	31st March 2025	⊙ Vehicle condition ⊙ Mileage ⊙ Age of vehicle ⊙ Marketability adjustment	7	Mr. Nishantha Jayakodi AMIAE (SL)	⊙ Market price of comparable vehicles were higher (lower); ⊙ Vehicle condition were more (less) favourable; ⊙ Remaining useful life were longer (shorter); ⊙ Expected residual value were higher (lower).	-	26,086,772
							-	26,086,772

The Group has determined that the fair value of land, building Motor and Vehicle 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.

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	As at 31st March 2026 Rs.	As at 31st March 2025 Rs.
At Cost	**408,885,364**	213,287,698
At Valuation	**2,311,714,140**	2,406,615,692

As at 31st March	Carrying Value of Revalued Assets as at 31st March 2026 if carried at Historical Cost Rs.	Carrying Value of Revalued Assets as at 31st March 2026 Rs.
Sierra Cables PLC		
Land	**186,640,305**	**1,236,805,400**
Building	**222,245,059**	**1,048,821,968**
Motor Vehicle	**-**	**26,086,772**
Total	**408,885,364**	**2,311,714,140**

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

12.5. 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

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Cost				
Balance as at 1st April	**30,485,736**	30,485,736	**30,485,736**	30,485,736
Additions	**356,850**	-	**356,850**	-
Balance as at 31st March	**30,842,586**	30,485,736	**30,842,586**	30,485,736
Amortization Charge				
Balance as at 1st April	**25,935,736**	24,535,736	**25,935,736**	24,535,736
Charge for the year	**1,418,708**	1,400,000	**1,418,708**	1,400,000
Balance as at 31st March	**27,354,444**	25,935,736	**27,354,444**	25,935,736
Carrying Value as at 31st March	**3,488,142**	4,550,000	**3,488,142**	4,550,000

Intangible assets represents the cost of Computer Software acquired by the Company. The initial cost of fully-amortized intangible assets which are still in use as at Reporting Date was Rs. 23,485,734/-.(2024/25- Rs. 23,485,734/-)

14. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Company	
	2026	2025
	Rs.	Rs.
Sierra Cables East Africa Limited (Note 14.1)	**182,735,166**	182,735,166
	182,735,166	182,735,166
Provision for Impairment of Subsidiaries (Note 14.1.1)	**(182,735,166)**	(182,735,166)
	-	-

14.1. SIERRA CABLES EAST AFRICA LIMITED

As at 31st March	Company	
	2026	2025
	Rs.	Rs.
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

14.1.1. PROVISION FOR IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

The Company has made a provision for impairment of Rs. 182,735,166/- on the investment in subsidiary, Sierra Cables East Africa Ltd as at 31st March 2026 due to the adverse business environment in which the subsidiary companies are operated. This has resulted by continuous operating losses and negative operating cash flows in the subsidiary company and net assets attributable to the parent company has been considered as the recoverable amount for the calculation of the provision for impairment as at the each reporting date. The breakup of the impairment provision is as follows;

As at 31st March	Company	
	2026	2025
	Rs.	Rs.
Sierra Cables East Africa Limited	**182,735,166**	182,735,166
	182,735,166	182,735,166

14.2. INVESTMENT INFORMATION OF SUBSIDIARIES

As at 31st March	2026
	Rs.
	Sierra Cables East Africa Limited
Number of shares	**11,400**
Holding	**95%**
Cost of the Investment	**182,735,166**

14.3. NON-CONTROLLING INTEREST (NCI) IN SUBSIDIARY

As at 31st March	Sierra Cables East Africa Limited	
	2026	2025
NCI Percentage (%)	**5%**	5%
Total Assets	**7,036,739**	4,375,906
Total Liabilities	**-**	-
Net Assets	**7,036,739**	4,375,906
Carrying Amount of NCI	**351,837**	218,795
Profit for the Year	**2,316,793**	184,448
Other Comprehensive Income	**344,040**	372,475
Total Other Comprehensive expenses for the period	**2,660,833**	556,923
Total Comprehensive Income allocated to NCI	**133,042**	27,846

15. EQUITY - ACCOUNTED INVESTEES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	**Rs.**	**Rs.**	**Rs.**
Interest in Joint Venture (Note 15.1)	**257,696,527**	153,059,707	**28,310,163**	28,310,163
Interest in Associates (Note 15.2)	**176,693,067**	136,905,062	**3,300,000**	3,300,000
	434,389,594	289,964,769	**31,610,163**	31,610,163

15.1. JOINT VENTURE

Cables PTE Limited is a joint venture incorporated in Fiji, 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.

As at 31st March	2026	2025	2026	2025
	Rs.	**Rs.**	**Rs.**	**Rs.**
Cost of the Investment	**28,310,163**	28,310,163	**28,310,163**	28,310,163
Share of Profit/(Loss) for the Year (Net of Tax)	**104,636,820**	53,067,731	**-**	-
Accumulated Share of Profit/ (Loss)	**124,749,544**	71,681,813	**-**	-
Net Asset Value of Associate as at 31 March	**257,696,527**	153,059,707	**28,310,163**	28,310,163

15.1.1. SUMMARISED FINANCIAL INFORMATION OF JOINT VENTURE

As at 31st March	Cables PTE Limited	
	2026	2025
Percentage Ownership Interest	**30%**	30%
Revenue	**3,200,264,982**	2,134,580,060
Net Profit	**348,789,400**	176,892,436
Company Profit Share	**104,636,820**	53,067,731
Non- Current Assets	**1,014,943,127**	893,877,256
Current Assets	**1,989,083,939**	1,303,280,440

As at 31st March	Cables PTE Limited	
	2026	2025
Non- Current Liabilities	**647,638,694**	678,217,765
Current Liabilities	**1,312,988,195**	895,117,559
Elimination of the Share Advance	**166,912,493**	152,950,717
Net Assets (100%)	**1,043,400,177**	623,822,372
Group Share of Net Assets (30%)	**313,020,053**	187,146,712
Conversion Impact	**(55,323,526)**	(34,087,005)
Carrying Amount of Investment in Joint Venture	**257,696,527**	153,059,707

15.2. ASSOCIATES

The Tea Leaf Resort Holding (Pvt) Ltd is an Associate Company incorporated in Sri Lanka, in which the Company has a 49.9% ownership interest. The Company has not started its commercial operations.

T & G Lanka (Private) Limited is an Associate Company incorporated in Sri Lanka, in which the Company has 22.1% ownership interest. The principal activity of the Company is to engaged in the business of manufacturing of fiber optical cables, electrical and electronic cables and sub assemblies for export.

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
The Tea Leaf Resort Holding (Pvt) Ltd (Note 15.2.2)	**-**	-	**2,500,000**	2,500,000
T & G Lanka (Private) Limited (Note 15.2.2)	**176,693,067**	136,905,062	**3,300,000**	3,300,000
	176,693,067	136,905,062	**5,800,000**	5,800,000
Provision for Impairment of Investment in Associate (Note 15.2.1)	**-**	-	**(2,500,000)**	(2,500,000)
	176,693,067	136,905,062	**3,300,000**	3,300,000

15.2.1. PROVISION FOR IMPAIRMENT OF INVESTMENT IN ASSOCIATES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
The Tea Leaf Resort Holding (Pvt) Ltd	**-**	-	**(2,500,000)**	(2,500,000)
	-	-	**(2,500,000)**	(2,500,000)

15.2.2. NET ASSETS VALUE OF ASSOCIATES

THE TEA LEAF RESORT HOLDING (PVT) LTD

As at 31st March	2026	2025
	Rs.	Rs.
Cost of the Investment	**2,500,000**	2,500,000
Accumulated Share of Profit/ (Loss)	**(2,500,000)**	(2,500,000)
Net Asset Value of Associate as at 31 March	**-**	-

The Tea Leaf Resort Holding (Pvt) Ltd has not yet commenced. Accordingly, the Board of Directors has resolved to voluntarily liquidate the Company. The necessary application has been submitted to and approved by the Registrar of Companies, and formal confirmation of the liquidation is awaited as at the reporting date As at 31 March 2026, the Group has not recognised its share of losses of The Tea Leaf Resort Holding (Pvt) Ltd amounting to Rs. 2,543,875.

T & G LANKA (PRIVATE)LIMITED

As at 31st March	2026	2025
	Rs.	Rs.
Cost of the Investment	3,300,000	3,300,000
Share of Profit for the Year (Net of Tax) (Note 15.2.3)	51,405,956	29,044,866
Accumulated Share of Profit/ (Loss)	133,605,062	104,560,196
Dividend Received	(11,617,951)	-
Net Asset Value of Associate as at 31 March	176,693,067	136,905,062

15.2.3. SUMMARIZED FINANCIAL INFORMATION OF ASSOCIATES

As at 31st March	T & G Lanka (Private) Limited As at 31st December	
	2026	2025
	Rs.	Rs.
Percentage Ownership Interest	22%	22%
Revenue	813,423,550	716,979,628
Profit/(Loss) for the Year	233,040,334	131,670,060
Non-Current Assets	211,037,524	121,832,896
Current Assets	817,141,678	617,245,498
Non-Current Liabilities	9,068,879	6,693,116
Current Liabilities	202,088,022	95,735,271
Net Assets (100%)	817,022,301	636,650,007
Group Share of Net Assets	180,225,508	140,437,502
Net Assets Value of Associate as at Year End	176,693,067	136,905,062
Dividend Adjustment	3,532,441	3,532,441
Group Share of Net Assets	180,225,508	140,437,503
Carrying Amount of Investment In Associates	176,693,067	136,905,062
Share of Profit for the Year (Net of Tax)	51,405,956	29,044,866

15.3. SHARE OF PROFIT OF RECOGNIZED DURING THE YEAR

	2026	2025
	Rs.	Rs.
Cables PTE Limited	104,636,820	53,067,731
T & G Lanka (Private)Limited	51,405,956	29,044,866
	156,042,776	82,112,597

16. OTHER ASSETS - NON-CURRENT

16.1. EQUITY SECURITIES - AT FVOCI

As at 31st March	Group/ Company 2026		Group/ Company 2025	
	No of Ordinary Shares/Units	Fair Value	No of Ordinary Shares/Units	Fair Value
		Rs.		Rs.
National Development Bank PLC	**28,626**	**3,721,380**	28,626	3,062,982
Richard Pieris Exports PLC	**10,359**	**3,734,420**	10,359	3,884,625
ACL Cables PLC	**9,120**	**775,200**	3,040	370,880
DFCC Bank PLC	**12,053**	**1,703,763**	12,053	1,277,618
Chevron Lubricants PLC	**3,678**	**657,443**	3,678	505,725
Kelani Cables PLC	**2,000**	**205,000**	200	103,900
NDB Aviva Growth Fund Investment in Units	**2,199,836**	**51,190,172**	2,199,836	37,265,213
	-	**61,987,378**	-	46,470,943

16.2. INVESTMENTS IN FIXED DEPOSIT

Sampath Bank PLC		**26,461,151**		26,461,151
		26,461,151		26,461,151
Total Other Financial Assets		**88,448,529**		72,932,094

16.3. DIVIDEND INCOME RECEIVED FROM THESE INVESTMENTS IS SHOWN AS IN THE TABLE BELOW

	2026	2025
	Rs.	Rs.
Chevron Lubricants PLC	**58,848**	52,963
DFCC Bank PLC	**90,398**	71,376
ACL Cables PLC	**1,404**	1,170
Kelani Cables PLC	**3,000**	2,000
Richard Pieris Exports PLC	**-**	248,616
National Development Bank PLC	**-**	193,789
	153,650	569,914

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 2025/26 , and there were no transfer of any cumulative gain or loss within equity relating to these investments.

17. INVENTORIES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Raw Materials	**2,145,711,943**	2,067,062,901	**2,145,711,943**	2,067,062,901
Work in Progress	**1,423,498,378**	397,298,889	**1,423,498,378**	397,298,889
Finished Goods	**1,016,554,474**	784,315,429	**1,016,554,474**	784,315,429
Packing Materials	**60,451,269**	50,991,161	**60,451,269**	50,991,161
Engineering Items	**238,693,172**	85,674,080	**238,693,172**	85,674,080
Goods in Transit	**140,724,365**	412,537,492	**140,724,365**	412,537,492
	5,025,633,601	3,797,879,952	**5,025,633,601**	3,797,879,952
Less: Provision for obsolete Inventories (Note 17.1)	**(5,897,338)**	(44,890,218)	**(5,897,338)**	(44,890,218)
	5,019,736,263	3,752,989,734	**5,019,736,263**	3,752,989,734

17.1. PROVISION FOR OBSOLETE INVENTORIES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**44,890,218**	8,225,525	**44,890,218**	8,225,525
Provision /(Reversal) During the Year	**43,654,277**	36,664,693	**43,654,277**	36,664,693
Written off during the year	**(82,647,157)**	-	**(82,647,157)**	-
Balance as at 31st March	**5,897,338**	44,890,218	**5,897,338**	44,890,218

Inventories pledged as security against the long term and short term borrowings have been disclosed in Note 32 to the Financial Statements.

18. RECEIVABLE AND DERIVATIVES

18.1. TRADE AND OTHER RECEIVABLES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade Receivables	**4,959,025,314**	1,777,857,900	**4,959,025,314**	1,777,857,900
Less: Provision for Impairment (Note 18.1.1)	**(96,702,378)**	(118,775,640)	**(96,702,378)**	(118,775,640)
	4,862,322,936	1,659,082,260	**4,862,322,936**	1,659,082,260
VAT Receivable	**977,215,160**	525,198,755	**977,215,160**	525,198,755
NBT Receivable	**2,885,136**	2,885,136	**2,885,136**	2,885,136
Deposits, Prepayments and Advances	**614,569,467**	342,738,048	**614,569,467**	342,738,048
	1,594,669,763	870,821,939	**1,594,669,763**	870,821,939
Provision for Impairment (Note 18.1.2)	**(81,313,029)**	(195,572,862)	**(81,313,029)**	(195,572,862)
	1,513,356,734	675,249,077	**1,513,356,734**	675,249,077
Total Trade and Other Receivables	**6,375,679,670**	2,334,331,337	**6,375,679,670**	2,334,331,337

Trade receivables pledged as security against the long term and short term borrowings have been disclosed in Note 32 to the Financial Statements.

18.1.1. PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**118,775,640**	131,236,379	**118,775,640**	131,236,379
Provision/ (Reversal) made during the year	**125,150,800**	62,870,692	**125,150,800**	62,870,692
Written off during the year	**(147,224,062)**	(75,331,431)	**(147,224,062)**	(75,331,431)
Balance as at 31st March	**96,702,378**	118,775,640	**96,702,378**	118,775,640

Trade receivables with the contractual amount of Rs. 147 Mn written off during 2026 are still subject to enforcement activity.

18.1.2. PROVISION FOR IMPAIRMENT OF OTHER RECEIVABLES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**195,572,862**	144,044,455	**195,572,862**	144,044,455
Provision made during the year	**38,763,002**	51,528,407	**38,763,002**	51,528,407
Written off during the year	**(153,022,835)**	-	**(153,022,835)**	-
Balance as at 31st March	**81,313,029**	195,572,862	**81,313,029**	195,572,862

18.1.3. RECLASSIFICATION OF COMPARATIVE FIGURES

The following comparative information is reclassified wherever necessary to confirm with the current year's classification in order to provide a better presentation.

	Group/ Company	Group/ Company	Group/ Company
	Current Presentation	As Disclosed Previously	Reclassification adjustment
Trade and Other Receivables	2,334,331,337	2,299,326,038	35,005,299
*Amounts due from Related Companies	2,438,576,217	2,446,593,850	(8,017,633)
Total			26,987,666
**Trade and Other Payables	782,684,850	755,697,184	26,987,666
Total			26,987,666

* The related party receivable net amounting to Rs.8,017,633 /- preveiously classified under Amounts due from Related Companies has been reclassified to Trade and Other Receivables, following a change in the relationship status with the counterparty during the previous Financial Year.

** Advances received from Customers amouting to Rs. 26,987,666 previously classified under Trade and Other Receivables has been reclassified to Trade and Other Payables as Advances received to align the presentation with the underlying nature of the balance.

19. AMOUNTS DUE FROM RELATED COMPANIES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Non Trading				
The Tea Leaf Holding (Pvt) Ltd	**2,500,000**	2,500,000	**2,500,000**	2,500,000
Cables PTE Limited	**33,013,461**	33,013,461	**33,013,461**	33,013,461
Iconic Trust (Private) Limited	**82,570,009**	82,570,009	**82,570,009**	82,570,009
L O L C Holdings PLC (Note 19.1)	**6,494,332,443**	2,009,383,527	**6,494,332,443**	2,009,383,527
	6,612,415,913	2,127,466,997	**6,612,415,913**	2,127,466,997
Provision for Non Trading Receivables (Note 19.2)	**(6,430,180)**	(6,430,180)	**(6,430,180)**	(6,430,180)
Total - Non Trading	**6,605,985,733**	2,121,036,817	**6,605,985,733**	2,121,036,817
Trading				
Brown & Company PLC	**1,501,874**	38,285,066	**1,501,874**	38,285,066
Browns Engineering and Construction (Private) Limited	**51,258,924**	13,968,470	**51,258,924**	13,968,470
NPH Investment (Private) Limited	**290,138,719**	265,285,864	**290,138,719**	265,285,864
	342,899,517	317,539,400	**342,899,517**	317,539,400
Provision for Related Party Trade Receivable (Note 19.3)	**(1,501,874)**	-	**(1,501,874)**	-
Total - Trading	**341,397,643**	317,539,400	**341,397,643**	317,539,400
Total	**6,947,383,376**	2,438,576,217	**6,947,383,376**	2,438,576,217

19.1. This includes a Loan outstanding from LOLC Holdings PLC amounting to Rs. 5,664,956,642/- (2024/25- Rs. 1,689,802,549/-) and the interest accrued amounting to Rs. 829,375,801/- (2024/25- Rs, 319,580,978/-) as at 31st March 2026.

Repayment Terms & Conditions

Interest Rate - 13.5% Annually

Interest shall be paid at Monthly

The Capital payment shall be paid on Demand.

19.2. PROVISION FOR NON TRADING RECEIVABLES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**6,430,180**	6,430,180	**6,430,180**	6,430,180
Provision / (Reversal) during the year	**-**	-	**-**	-
Balance as at 31st March	**6,430,180**	6,430,180	**6,430,180**	6,430,180

19.3. PROVISION FOR RELATED PARTY TRADE RECEIVABLE

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	-	-	-	-
Provision / (Reversal) during the year	1,501,874	-	1,501,874	-
Balance as at 31st March	1,501,874	-	1,501,874	-

20. SHORT TERM INVESTMENT

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Short Term Investment*	792,332	744,723	792,332	744,723
	792,332	744,723	792,332	744,723

*Short Term Investments includes investment in Short Term Bank Deposit.

21. CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Favourable Balances				
Cash in Hand	4,901,110	32,317,430	4,901,110	32,317,430
Cash in Bank	434,181,339	739,523,094	427,144,514	735,147,188
Cash and Cash Equivalents in the Statement of Financial Position	439,082,449	771,840,524	432,045,624	767,464,618
Unfavorable Balances				
Bank Overdrafts Repayable on Demand and Used for Cash Management Purpose	(234,002,025)	(2,415,107)	(234,002,025)	(2,415,107)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	205,080,424	769,425,417	198,043,599	765,049,511

22. CAPITAL AND RESERVES

22.1. SHARE CAPITAL

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
537,512,430 Ordinary Shares	894,565,898	894,565,898	894,565,898	894,565,898
	894,565,898	894,565,898	894,565,898	894,565,898

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

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

22.2. REVALUATION RESERVE

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

22.3. FAIR VALUE RESERVES

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

22.4. FOREIGN CURRENCY TRANSACTION RESERVE

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

23. RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**106,206,102**	89,470,580	**106,206,102**	89,470,580
Current Service Cost	**7,315,110**	7,640,179	**7,315,110**	7,640,179
Interest Cost	**11,574,260**	9,841,764	**11,574,260**	9,841,764
Actuarial (Gain) / Loss	**(18,276,048)**	7,567,101	**(18,276,048)**	7,567,101
Benefits Paid by the Plan	**(1,971,114)**	(8,313,522)	**(1,971,114)**	(8,313,522)
Balance as at 31st March	**104,848,310**	106,206,102	**104,848,310**	106,206,102

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

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	**7,315,110**	7,640,179	**7,315,110**	7,640,179
Interest Cost	**11,574,260**	9,841,764	**11,574,260**	9,841,764
Recognized in Income Statement	**18,889,370**	17,481,943	**18,889,370**	17,481,943
Actuarial (Gains) / Losses arising from;				
Financial Assumptions	**(7,035,453)**	(4,534,264)	**(7,035,453)**	(4,534,264)
Demographic Assumptions	**(2,600,493)**	44,400	**(2,600,493)**	44,400
Experience Adjustment	**(8,640,102)**	12,056,965	**(8,640,102)**	12,056,965
Expense recognised in Other Comprehensive Income	**(18,276,048)**	7,567,101	**(18,276,048)**	7,567,101

23.2. 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 2026, by Messrs Units Actuaries & Consultants (Pvt) Ltd, 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.

As at 31st March		Group/ Company	
		2026	2025
Expected Annual Average Salary Increment		**8%**	10%
Discount Rate		**10%**	11%
Retirement Age		**60 Years**	60 Years
Mortality	IALM 2006–08 Mortality Table, developed by the Institute of Actuaries of India (IAI)		
Staff Turnover Rate	9% for age up to 54 and thereafter zero.		
Weighted Average Duration of Defined Benefit Obligation (Years)		**6.4**	4

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 10%. A rate of discount of 11% 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.

23.3. 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.

As at 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	(5,797,416)	6,497,270	(5,797,416)	6,497,270
Effect on the Salary Escalation Rate	7,072,591	(6,409,133)	7,072,591	(6,409,133)

24. DEFERRED TAX LIABILITY

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**676,808,620**	515,441,102	**676,808,620**	515,441,102
(Reversal)/Provision (Note 24.3)	**12,971,572**	161,367,518	**12,971,572**	161,367,518
Balance as at 31st March	**689,780,192**	676,808,620	**689,780,192**	676,808,620

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

As at 31st March	2026	2025
Sierra Cables PLC	**30%**	30%

24.1. THE DEFERRED TAX LIABILITY IS ATTRIBUTABLE TO THE FOLLOWINGS

As at 31st March	2026		2025	
	Temporary Difference	Tax	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
Group				
On Property, Plant and Equipment	**143,774,695**	**43,132,409**	46,991,137	14,097,341
On Retirement Benefit Obligations	**(104,848,310)**	**(31,454,493)**	(106,206,102)	(31,861,831)
On Revaluation of Land & Building	**2,364,442,514**	**709,332,754**	2,364,442,514	709,332,755
On Other Provisions - Inventory	**(5,897,339)**	**(1,769,202)**	-	-
- Debtor	**(98,204,254)**	**(29,461,276)**	(49,198,816)	(14,759,645)
	2,299,267,306	**689,780,192**	2,256,028,733	676,808,620

As at 31st March	2026		2025	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
Company				
On Property, Plant and Equipment	**143,774,695**	**43,132,409**	46,991,137	14,097,341
On Retirement Benefit Obligations	**(104,848,310)**	**(31,454,493)**	(106,206,102)	(31,861,831)
On Revaluation of Land & Building	**2,364,442,514**	**709,332,754**	2,364,442,514	709,332,755
On Other Provisions - Inventory	**(5,897,339)**	**(1,769,202)**	-	-
- Debtor	**(98,204,254)**	**(29,461,276)**	(49,198,816)	(14,759,645)
	2,299,267,306	**689,780,192**	2,256,028,733	676,808,620

24.2. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognise 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 thereform.

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Tax Losses	**-**	137,671794	**-**	-

24.3. DEFERRED TAX LIABILITIES – (REVERSAL)/PROVISION

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Origination/(Reversal) of Temporary Differences				
Recognized in the Statement of Profit or Loss				
Origination/(Reversal) of Temporary Differences	**7,488,758**	11,145,325	**7,488,758**	11,145,325
	-	-	**-**	-
	7,488,758	11,145,325	**7,488,758**	11,145,325
Recognized in the Statement of Other comprehensive Income				
Reduction in tax rate in relation to Revaluation surplus on previous years	**-**	152,492,324	**-**	152,492,324
Origination/(Reversal) of Temporary Differences	**5,482,814**	(2,270,131)	**5,482,814**	(2,270,131)
	5,482,814	150,222,193	**5,482,814**	150,222,193
	12,971,572	161,367,518	**12,971,572**	161,367,518

24.4. MOVEMENT OF DEFERRED TAX ASSET AND LIABILITIES

	Balance as at 01.04.2024	Recognised in income Statement 2024/25	Recognised in other comprehensive income 2024/25	Balance as at 31.03.2025	Recognised in income Statement 2025/26	Recognised in other comprehensive income 2025/26	Balance as at 31.03.2026
Group							
On Property, Plant and Equipment	5,996,100	8,101,241	-	14,097,341	**29,035,068**	**-**	**43,132,409**
On Retirement Benefit Obligations	(26,841,175)	(2,750,525)	(2,270,131)	(31,861,831)	**(5,075,476)**	**5,482,814**	**(31,454,493)**
On Revaluation of Land & Building	556,840,430	-	152,492,324	709,332,755	**-**	**-**	**709,332,755**
On Other Provisions - Inventory	-	-	-	-	**(1,769,202)**	**-**	**(1,769,202)**
- Debtor	(20,554,253)	5,794,608		(14,759,645)	**(14,701,631)**	**-**	**(29,461,276)**
	515,441,102	11,145,325	150,222,193	676,808,620	**7,488,758**	**5,482,814**	**689,780,192**
Company							
On Property, Plant and Equipment	5,996,100	8,101,241	-	14,097,341	**29,035,068**	**-**	**43,132,409**
On Retirement Benefit Obligations	(26,841,175)	(2,750,525)	(2,270,131)	(31,861,831)	**(5,075,476)**	**5,482,814**	**(31,454,493)**
On Revaluation of Land & Building	556,840,430	-	152,492,324	709,332,755	**-**	**-**	**709,332,755**
On Other Provisions - Inventory	-	-	-	-	**(1,769,202)**	**-**	**(1,769,202)**
- Debtor	(20,554,253)	5,794,608	-	(14,759,645)	**(14,701,631)**	**-**	**(29,461,276)**
	515,441,102	11,145,325	150,222,193	676,808,620	**7,488,758**	**5,482,814**	**689,780,192**

25. LONG TERM LOANS

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**2,584,583,319**	1,429,635,226	**2,584,583,319**	1,429,635,226
Loans Obtained	**9,351,941,063**	2,806,574,412	**9,351,941,063**	2,806,574,412
Repayments	**(4,038,283,784)**	(1,651,626,319)	**(4,038,283,784)**	(1,651,626,319)
Balance as at 31st March	**7,898,240,598**	2,584,583,319	**7,898,240,598**	2,584,583,319
Term Loans due within One year	**2,031,156,366**	1,200,010,970	**2,031,156,366**	1,200,010,970
Term Loans due after One year	**5,867,084,232**	1,384,572,349	**5,867,084,232**	1,384,572,349
	7,898,240,598	2,584,583,319	**7,898,240,598**	2,584,583,319

The Group did not any defaults of principle or interest or other breaches with respect to its debts securities during the year ended 31st March 2026.

26. TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade Creditors	**386,113,458**	587,016,435	**386,113,458**	587,016,521
Staff Related Payables	**115,080,539**	77,550,448	**115,080,539**	77,550,448
Advance Received	**128,454,704**	26,987,666	**128,454,704**	26,987,666
Other Taxes Payable	**22,197,858**	14,598,824	**22,197,858**	14,598,824
Other Payables	**91,391,182**	76,531,391	**91,391,182**	76,531,391
	743,237,741	782,684,764	**743,237,741**	782,684,850

27. AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trading				
Iconic Trust (Private) Limited	**142,162,340**	121,151,082	**142,162,340**	121,151,082.00
Browns Investments PLC*	**24,560,042**	24,560,042	**24,560,042**	24,560,042.00
L O L C Holdings PLC	**9,137,737**	-	**9,137,737**	-
Non Trading				
Browns Investments PLC*	**495,702,667**	423,175,719	**495,702,667**	423,175,719
	671,562,786	568,886,843	**671,562,786**	568,886,843

* Interest at the rate of 30% per annum shall be charged on the outstanding balance due from Browns Investments PLC, which shall be repayable on demand.

28. IMPORT DEMAND LOAN

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st April	**1,980,730,797**	897,620,054	**1,980,730,797**	897,620,054
Loans Obtained	**8,791,878,108**	5,584,458,300	**8,791,878,108**	5,584,458,300
Repayments	**(6,430,998,449)**	(4,501,347,557)	**(6,430,998,449)**	(4,501,347,557)
Balance as at 31st March	**4,341,610,456**	1,980,730,797	**4,341,610,456**	1,980,730,797

28.1. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

	Liabilities		Equity				
	Bank Overdraft used for Cash Management Purposes	Other Loans and Borrowings	Share Capital	Reserves	Retained Earnings	NCI	Total
Balance as at 01.04.2025	2,415,107	4,565,314,116	894,565,898	1,725,846,871	3,593,834,635	218,795	6,214,466,199
Proceeds from Loans & Borrowings	-	18,143,819,171	-	-	-	-	-
Repayment of Loans & Borrowings	-	(10,469,282,233)	-	-	-	-	-
Total Change from Financing Activities	-	7,674,536,938	-	-	-	-	-
Other Changes							
Liability Related							
Change in Bank Overdraft	231,586,918	-	-	-	-	-	-
Total Liability-related other charges	231,586,918	7,674,536,938	-	-	-		-
Total Equity-related other charges	-	-	-	5,569,880	2,682,555,767	133,042	2,688,258,689
Balance as at 31.03.2026	234,002,025	12,239,851,054	894,565,898	1,731,416,751	6,276,390,402	351,837	8,902,724,888

29. COMMITMENTS AND CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions

To meet the financial needs of customers and subsidiaries, the Company/ Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letter of credit, guarantees and acceptance commit the group to make payments on behalf of customers or subsidiaries in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

29.1. CONTINGENT LIABILITIES

As at 31st March	Rs.
Letter of credits opened	303,691,948

30. CAPITAL 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 2026.

31. 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.

32. 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 25, and 28 to the Financial Statement respectively.

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount Outstanding as at the end of the year	Securities Pledges
Commercial Bank of Ceylon PLC					
	(1) Overdraft Facility	Rs. 40 Mn	AWPLR+1% p.a	Nil	01) A Primary Bond for Rs. 550 Mn, A Secondary Mortgage Bond for Rs. 500 Mn, and a Tritary Mortgage Bond for Rs. 450 Mn executed over the land and buildings, Plant and Machinery and Equipment.
	(2) Import Loan Facility	Rs. 2.3 Bn	AWPLR+1% p.a	Rs. 2,926,350,498	02) Primary Mortgage Bond for Rs. 490 Mn and Secondary Mortgage Bond for Rs. 540 Mn executed over Stocks & Trade Receivables
					03) Primary Mortgage Bond for Rs. 35 Mn over the Machinery and Equipment.
					04) Primary Mortgage Bond for Rs. 105 Mn over Machinery and Equipment.
					05) Secondary Mortgage Bond for Rs. 750 Mn over Plant,Machinery & Equipment
	(3) Term Loan Facility	Rs. 300 Mn	10.25% for the first year and AWPLR+0.5% for remaining 4 years	Rs. 235,000,000	06) Primary Mortgage Bond for Rs. 150 Mn over Machinery and Equipment.
Bank of Ceylon					
	(1) Overdraft Facility	Rs. 25 Mn	AWPLR+2% p.a	Rs. 10,396,153	Overdraft Agreement
	(2) Hypothecation Loan	Rs. 750 Mn	AWPLR+2% p.a	Rs. 680,309,417	Hypothecation over Stocks in trade, Raw Material and Work in progress
Cargills Bank Limited					
	(1) Overdraft Facility (Sub Limit of Facility No 02)	Rs. 25 Mn	AWPLR+1% p.a	Nil	N/A
	(2) Import Loan Facility	Rs. 200 Mn	AWPLR+1% p.a	Nil	N/A
	(3) Short Term Loan Facility (Sub Limit of Facility No 02)	Rs. 100 Mn	AWPLR+1% p.a	Nil	N/A

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount Outstanding as at the end of the year	Securities Pledges
DFCC Bank					
	(1) Overdraft Facility	Rs. 50 Mn	AWPLR+1.25% p.a	Nil	01) A Primary mortgage Bond for Rs. 120 Mn and further Mortgage Bonds for Rs. 180 Mn and Rs. 950 Mn executed over Book Debts and Stocks 02) A primary mortgage for Rs. 50 Mn over land depicted in plan no 4457 03) Promissory Note for Rs. 100 Mn and Rs. 150 Mn
	(2) Import Loan Facility	Rs. 1 Bn	AWPLR+1% p.a	Rs. 631,668,131	
	(3) Revolving Short Term Loan (Sub Limit of Facility No 02)	Rs. 250 Mn	Market Rate	Nil	
	(4) Term Loan Facility	Rs. 80 Mn	AWPLR+1.75% p.a	Rs. 28,947,350.	A primary mortgage over Movable Assets (Solar PV system and Inverter)
HNB					
	(1) Overdraft Facility	Rs. 50 Mn	AWPLR+1.75%	Rs. 31,564,603	Demand Promissory Note for Rs. 400 Mn
	(2) Import Loan Facility	Rs. 350 Mn	Market Rate		Mortgage Bond for Rs. 400 Mn over Book Debts and Stocks
	(3) Short Term Loan Facility (Sub Limit of Facility No 02)	Rs. 250 Mn	Market Rate	Rs. 100,000,000	
Standard Chartered Bank					
	(1) Import Loan Facility	Rs. 300 Mn	AWPLR+1%	Rs. 103,282,359	Further mortgage for Rs. 300 Mn over Book Debts and Stocks
Sampath Bank PLC					
	(1) Overdraft Facility	Rs. 110 Mn	AWPLR+1.5% p.a	Rs. 3,208,980	Overdraft Agreement for Rs. 110 Mn
	(2) Import Loan Facility	Rs. 450 Mn	AWPLR+1.5% p.a	Nil	Short Term Import Loan agreement for Rs. 450 Mn
	(3) Short Term Loan Facility (Sub Limit of Facility No 02)	Rs. 250 Mn	AWPLR+1.5% p.a	Rs. 239,250,461	Short Term Loan agreement for Rs. 250 Mn
					Hypothecation Bond for Rs. 350 Mn and for Rs. 210 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
Pan Asia Banking Corporation PLC					
	(1) Overdraft Facility	Rs. 50 Mn	AWPLR+1.5% p.a and any excess will be 30% p.a	Rs. 43,676,883	Overdraft Agreement
	(2) Import Loan Facility	Rs. 750 Mn	AWPLR+3.5% p.a with a rebate of 2% p.a	Nil	Series of Loan Agreement
	(3) Short Term Loan Facility (Sub Limit of Facility No 02)	Rs. 750 Mn	At the time of granting	Rs. 744,026,553	Series of Loan Agreement
					Corporate Guarantee from LOLC Holdings PLC for Rs. 300 Mn and for Rs. 500 Mn
Habib Bank					
	(1) Overdraft Facility	Rs. 150 Mn	AWPLR+0.5%	Rs. 148,364,386	01)Primary Mortgage Bond for Rs. 66.5 Mn over land depicted in plan no 2808.
	(2) Short Term Loan Facility	Rs. 600 Mn	AWPLR+0.5%	Nil	01)Primary Mortgage Bond for Rs. 683.5 Mn over Book Debts and Stocks
Capital One Partners (Private) Limited -Arranger					
	Asset Backed Securitization	Rs. 424 Mn	Based on Face Value	Rs. 424 Mn	Mortgage bond for Rs. 620,918,196.85 over Intercompany Receivables
Think Capital Partners (Private) Limited -Arranger					
	Asset Backed Securitization	Rs. 2 Bn	Based on Face Value	Rs. 2 Bn	Mortgage bond for Rs. 3,282,520,100.10 over Intercompany Receivables
JB Financial (Private) Limited -Arranger					
	Commercial Paper	Rs. 250 Mn	Based on Face Value	Rs. 250 Mn	N/A

Name of the Bank	Facility Obtained	Facility Amount	Rate of Interest	Amount Outstanding as at the end of the year	Securities Pledges
Agora Securities (Private) Limited -Arranger					
	Commercial Paper	Rs. 150 Mn	Based on Face Value	Rs. 150 Mn	N/A
	Asset Backed Securitization	Rs. 2.44 Bn	Based on Face Value	Rs. 2,408,982,789.28	Mortgage bond for Rs. 1,382,081,157.68 over Intercompany Receivables
					Mortgage bond for Rs. 2,469,598,558.74 over selected Book Debts
	Asset Backed Securitization	Rs. 978.15 Mn	Based on Face Value	Rs. 978,154,093.00	Mortgage bond for Rs. 1,466,400,000 over Intercompany Receivables

33. 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 2026 audited financial statement, which required additional disclosures in the 2025/26 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.

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 2026 audited financial statements, except for the transactions mentioned in the below table, which required additional disclosures in the 2025/26 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.

Name of the Related Party	Relationship	Nature of the Transaction(s)	Aggregate Value of Related party Transaction(s) entered into during the financial year	Aggregate Value of Related party Transaction(s) as a % of Gross Revenue / Income	Terms and Conditions of the Related party Transaction(s)
LOLC Holdings PLC	Related Company	Loan Granted	6,209,154,094	39%	Interest Rate -13.5%
		Loan Settlements	2,234,000,000	14%	

33.1. TRANSACTIONS WITH RELATED PARTIES

(I) COMPANIES WITHIN THE GROUP ENGAGE IN TRADING TRANSACTIONS UNDER NORMAL COMMERCIAL TERMS AND CONDITIONS

TRANSACTIONS WITH ASSOCIATE COMPANIES

Name of the Company	Nature of the Transactions	Transaction Value		Balance Outstanding as at 31st March	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Cables PTE Limited		**-**	-	**33,013,461**	33,013,461
The Tea Leaf Holding (Pvt) Ltd		**-**	-	**2,500,000**	2,500,000

TRANSACTIONS WITH OTHER RELATED COMPANIES

Name of the Company	Nature of the Transactions	Transaction Value		Balance Outstanding as at 31st March	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Iconic Trust (Private) Limited		**-**	-	**82,570,009**	82,570,009
	Administration Expenses	**(7,015,709)**	-	**(142,162,340)**	(121,151,082)
	Professional Fee and Charges	**(13,710,079)**	(13,558,268)		
	Selling & Distribution Expenses	**(285,470)**	(100,000,000)		

Name of the Company	Nature of the Transactions	Transaction Value		Balance Outstanding as at 31st March	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
LOLC Holdings PLC	Loan Granted	**6,209,154,094**	1,600,000,000	**6,494,332,443**	2,009,383,527
	Loan Settlements	**(2,234,000,000)**	(960,197,451)		
	Interest Income	**509,794,823**	316,718,266		
	Welfare & Other Expenses	**(9,137,737)**	-	**(9,137,737)**	-
Browns Investments PLC	Short Term Loan	**-**	-	**(495,702,667)**	(423,175,719)
	Loan Interest Expense	**(72,526,948)**	(72,728,137)	**-**	-
	Expenses Reimbursements	**-**	(24,449,099)	**(24,560,042)**	(24,560,042)
Brown & Company PLC	Sale of Goods	**2,558,582**	125,651,876	**1,501,874**	38,285,066
	Settlement of Invoices	**(4,744,110)**	(524,430,099)		
	Discount Allowed	**(34,597,664)**			
Browns Engineering and Construction (Private) Limited	Sale of Goods	**62,517,596**	56,272,883	**51,258,924**	13,968,470
	Settlement of Invoice	**(25,227,142)**	(43,172,185)		
NPH Investment (Private) Limited	Interest Income	**24,852,855**	24,050,205	**290,138,719**	265,285,864

33.2. 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.

33.2.1. 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	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Directors' Fees	**16,800,000**	11,500,000	**16,800,000**	11,500,000
Short Term Employee Benefits	**30,270,000**	21,525,000	**30,270,000**	21,525,000
	47,070,000	33,025,000	**47,070,000**	33,025,000

(III) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The names of Directors of Sierra Cables PLC and their share holdings are given on page 152. There were no other transactions with key management personnel other than those disclosed in Note 33.2 to the Financial Statement.

34. GOING CONCERN

SIERRA EAST AFRICA (PRIVATE) LIMITED

The Company has been in dormant status for the last 4 years. However, due to the exchange rate fluctuate on remaining cash balance has generated a profit of Rs. 2,316,793/- during the year ended 31st December 2025 (2024 – Loss of Rs. 184,448/-) and as that date, the Current Assets exceeded Current Liabilities by Rs. 7,036,739/- (2024 - Current Assets exceeded Current Liabilities by Rs. 4,375,906/-).

Accordingly, Board of Directors has decided to close down the operation of the Company and closure process is in progress.

35. FINANCIAL RISK MANAGEMENT

35.1. 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	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade Receivables	**4,959,025,314**	1,777,857,900	**4,959,025,314**	1,777,857,900
Amounts due from Related Companies	**6,955,315,430**	2,455,542,636	**6,955,315,430**	2,455,542,636
Short Term Investment	**792,332**	744,723	**792,332**	744,723
Investment In Fixed Deposits	**26,461,151**	26,461,151	**26,461,151**	26,461,151
Balances with Banks	**434,181,339**	739,523,094	**427,144,514**	735,147,188
	12,375,775,566	5,000,129,504	**12,368,738,741**	4,995,753,598

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.

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

As at 31st March 2026	Group		Company	
	Amount Outstanding	Provision	Amount Outstanding	Provision
	Rs.	Rs.	Rs.	Rs.
Past due 0-60 days	**3,124,295,157**	13,100,507	**3,124,295,157**	13,100,507
Past due 61-90 days	**542,270,349**	8,249,879	**542,270,349**	8,249,879
Past due 90-120 days	**663,120,485**	18,031,789	**663,120,485**	18,031,789
Past due 121-150 days	**321,445,198**	18,180,109	**321,445,198**	18,180,107
Past due 151-180 days	**77,490,321**	3,897,544	**77,490,321**	3,897,544
Past due 181-210 days	**154,553,223**	14,250,834	**154,553,223**	14,250,834
Past due 211-240 days	**22,275,812**	5,427,073	**22,275,812**	5,427,073
Past due 241-270 days	**8,286,371**	2,350,778	**8,286,371**	2,350,778
Past due 271-300 days	**41,026,022**	8,196,433	**41,026,022**	8,196,433
Past due 301-330 days	**777,677**	464,151	**777,677**	464,151
Past due 331-360 days	**1,376,124**	811,879	**1,376,124**	811,879
Past due Over 360 days	**2,108,574**	3,741,406	**2,108,574**	3,741,406
Total	**4,959,025,314**	96,702,378	**4,959,025,314**	96,702,378

As at 31st March 2025	Group		Company	
	Amount Outstanding	Provision	Amount Outstanding	Provision
	Rs.	Rs.	Rs.	Rs.
Past due 0-60 days	**1,424,468,696**	13,744,928	**1,424,468,696**	13,744,928
Past due 61-90 days	**66,920,808**	1,846,405	**66,920,808**	1,846,405
Past due 90-120 days	**77,230,603**	2,474,397	**77,230,603**	2,474,397
Past due 121-150 days	**22,881,918**	1,504,366	**22,881,918**	1,504,364
Past due 151-180 days	**26,742,492**	2,388,730	**26,742,492**	2,388,730
Past due 181-210 days	**30,702,525**	4,837,606	**30,702,525**	4,837,606
Past due 211-240 days	**10,024,598**	1,969,246	**10,024,598**	1,969,246
Past due 241-270 days	**10,311,275**	2,755,758	**10,311,275**	2,755,758
Past due 271-300 days	**17,841,306**	5,970,042	**17,841,306**	5,970,042
Past due 301-330 days	**14,057,888**	5,593,742	**14,057,888**	5,593,742
Past due 331-360 days	**5,053,457**	2,435,256	**5,053,457**	2,435,258
Past due Over 360 days	**71,622,334**	73,255,164	**71,622,334**	73,255,164
Total	**1,777,857,900**	118,775,640	**1,777,857,900**	118,775,640

The maximum exposure to credit risk for trade and other receivables is the carrying amounts at the end of the reporting period, and it is analysed by geographic regions as follows,

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Local Debtors	**3,708,754,895**	1,318,705,348	**3,708,754,895**	1,318,705,348
Foreign Debtors	**1,250,270,419**	459,152,552	**1,250,270,419**	459,152,552
	4,959,025,314	1,777,857,900	**4,959,025,314**	1,777,857,900
Provision for Impairment	**(96,702,378)**	(118,775,640)	**(96,702,378)**	(118,775,640)
	4,862,322,936	1,659,082,260	**4,862,322,936**	1,659,082,260

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.

MOVEMENTS IN THE ALLOWANCE FOR IMPAIRMENT IN RESPECT OF TRADE RECEIVABLES AND CONTRACT ASSETS

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

As at 31st March	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Balance as at 01.04.2025	**118,775,640**	131,236,379	**118,775,640**	131,236,379
Provision made during the Year	**125,150,800**	62,870,692	**125,150,800**	62,870,692
Amounts written off	**(147,224,062)**	(75,331,431)	**(147,224,062)**	(75,331,431)
Balance as at 31.03.2026	**96,702,378**	118,775,640	**96,702,378**	118,775,640

Trade Receivables with a contractual amount of 147 Mn written off during 2025/26 are still subject to enforcement activity.

The following significant changes in the gross carrying amounts of Trade receivables contributed to the changes in the impairment loss allowance during 2025/26.

The growth of the business in Project market and Export Market resulted in increases in Trade Receivables of Rs. 1.5 Bn and Rs. 762 Mn respectively and increases in impairment allowances was due to written off of over 360 days debtor during the year amounting to Rs. 147 Mn according to the company policy.

MAJOR CUSTOMER

Revenue from one customer of the Company's export segment represented approximately Rs. 3.8 bn of the Company's total revenue.

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.

NON-DERIVATIVE FINANCIAL LIABILITIES

As at 31st March 2026	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Group						
Amounts due to Related Companies	671,562,786	671,562,786	-	-	-	671,562,786
Borrowings- Term Loans	7,898,240,598	5,312,348,698	3,628,081,265	93,736,797	-	9,034,166,760
Borrowings- Import Loans	4,341,610,456	4,341,610,456	-	-	-	4,341,610,456
Bank Overdraft	234,002,025	234,002,025	-	-	-	234,002,025

NON-DERIVATIVE FINANCIAL LIABILITIES

As at 31st March 2025	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Group						
Amounts due to Related Companies	568,886,843	568,886,843	-	-	-	568,886,843
Borrowings- Term Loans	2,584,583,319	1,457,177,010	372,880,406	1,263,827,852	-	3,093,885,269
Borrowings- Import Loans	1,980,730,797	1,980,730,797	-	-	-	1,980,730,797
Bank Overdraft	2,415,107	2,415,107	-	-	-	2,415,107

As at 31st March 2026	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
			Rs.	Rs.	Rs.	Rs.
Company						
Non- Derivative Financial Liabilities						
Amounts due to Related Companies	671,562,786	671,562,786	-	-	-	671,562,786
Borrowings- Term Loans	7,898,240,598	5,312,348,698	3,628,081,265	93,736,797	-	9,034,166,760
Borrowings- Import Loans	4,341,610,456	4,341,610,456				4,341,610,456
Bank Overdraft	234,002,025	234,002,025	-	-	-	234,002,025

As at 31st March 2025	Carrying Amount	Within 1 year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Company						
Non- Derivative Financial Liabilities						
Amounts due to Related Companies	568,886,843	568,886,843	-	-	-	568,886,843
Borrowings- Term Loans	2,584,583,319	1,457,177,010	372,880,406	1,263,827,852	-	3,093,885,269
Borrowings- Import Loans	1,980,730,797	1,980,730,797	-	-	-	1,980,730,797
Bank Overdraft	2,415,107	2,415,107	-			2,415,107

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 Stated 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	
	2026	2025	2026	2025
	USD	USD	USD	USD
Trade Receivables	**4,107,932**	1,541,268	**4,107,932**	1,541,268
Trade Payables	**(529,383)**	(1,397,707)	**(529,383)**	(1,397,707)
Net Statement of Financial Position Exposure	**3,578,549**	143,561	**3,578,549**	143,561

As at 31st March	2026	2025
	USD	USD
Trade Payables - Foreign Creditors	**529,383**	1,397,707
Gross Statement of Financial Position Exposure	**529,383**	1,397,707

The following significant exchange rates were applicable during the year

As at 31st March	Average Rate		Reporting Date Spot Rate	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
USD	**304.36**	297.91	**315.19**	296.35

SENSITIVITY ANALYSIS

A strengthening of the Rs, as indicated below, against the USD at 31st March 2026 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.

As at 31st March	Strengthening	Weakening
	Profit or Loss Rs.	Profit or Loss Rs.
31st March 2026		
USD (15% Movement)	**25,028,521**	**(25,028,521)**
31st March 2025		
USD (15% Movement)	62,130,992	(62,130,992)

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 Groups exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligation. The Group utilises various financial instruments to manage exposures to interest rate risks.

At the reporting date, the Group's interest-bearing financial instruments were as follows:

As at 31st March	Carrying Amount	
	2026	2025
	Rs.	Rs.
Variable Rate Instruments		
Financial Liabilities		
Long Term Loans	**7,898,240,598**	2,584,583,319
Import Demand Loans	**4,341,610,456**	1,980,730,797
Bank Overdrafts	**234,002,025**	2,415,107
	12,473,853,079	4,567,729,223

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

As at 31st March	Profit or Loss	
	100 bp Increase Rs.	100 bp Decrease Rs.
31st March 2026		
Variable Rate Instruments	**(124,738,531)**	**124,738,531**
Cash Flow Sensitivity (Net)	**(124,738,531)**	**124,738,531**

35.2. 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	
	2026	2025	2026	2025
	Rs	Rs	Rs	Rs
Total Liabilities	**15,020,741,835**	6,982,646,073	**15,020,741,835**	6,982,646,159
Less: Cash and Cash Equivalents Favourable	**(439,082,449)**	(771,840,524)	**(432,045,624)**	(767,464,618)
Net Debt	**14,581,659,386**	6,210,805,549	**14,588,696,211**	6,215,181,541
Total Equity	**8,902,724,888**	6,214,466,199	**8,666,570,764**	6,122,135,046
Net Debt to Equity Ratio	**164%**	100%	**168%**	102%

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.

36. 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

36.1. 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 2026	Company			
	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Fair Value through OCI	61,987,378	-	-	61,987,378
	61,987,378	-	-	61,987,378

As at 31st March 2025	Company			
	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Fair Value through OCI	46,470,943	-	-	46,470,943
	46,470,943	-	-	46,470,943

36.2. CATEGORIZATION OF FINANCIAL ASSETS AND LIABILITIES AS AT THE REPORTING DATE

As at 31st March	Classification				Fair Value		
Group -2026	Amortized Cost	FVTPL	FVOCI	Other Financial Liabilities	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Instrument							
Trade Receivables	4,862,322,936	-	-	-	-	-	-
Amount due from Related Parties	6,947,383,376	-	-	-	-	-	-
Other Financial Assets	-	-	61,987,378	-	61,987,378	-	-
Short Term Investment	792,332	-	-	-	-	-	-
Fixed Deposits	26,461,151	-	-	-	-	-	-
Cash and Cash Equivalents	439,082,449	-	-	-	-	-	-
Financial Liabilities							
Trade Payables	-	-	-	386,113,458	-	-	-
Borrowings	-	-	-	12,239,851,054	-	-	-
Amounts due to Related Companies	-	-	-	671,562,786	-	-	-
Bank Overdraft	-	-	-	234,002,025	-	-	-

As at 31st March	Classification				Fair Value		
Group -2025	Amortized Cost	FVTPL	FVOCI	Other Financial Liabilities	Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Instrument							
Trade and Other Receivables	1,659,082,260	-	-	-	-	-	-
Amount due from Related Parties	2,438,576,217	-	-	-	-	-	-
Other Financial Assets	-	-	46,470,943	-	46,470,943	-	-
Short Term Investment	744,723	-	-	-	-	-	-
Fixed Deposits	26,461,151	-	-	-	-	-	-
Cash and Cash Equivalents	771,840,524	-	-	-	-	-	-
Financial Liabilities							
Trade Payables	-	-	-	587,016,435	-	-	-
Borrowings	-	-	-	4,565,314,116	-	-	-
Amounts due to Related Companies	-	-	-	568,886,843			
Bank Overdraft	-	-	-	2,415,107	-	-	-

The carrying amounts of trade receivables, amounts due from related parties, other financial assets, short-term investments, fixed deposits, cash and cash equivalents, trade payables, borrowings, amounts due to related companies, and bank overdrafts are considered to be reasonable approximations of their fair values.

CASH AND CASH EQUIVALENTS

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as theses 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. 1,594,669,763/- (2024/25 - Rs. 870,821,939/-) 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.



Supplementary Information



SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS AS AT 31ST MARCH 2026

No	Shareholder	Shares Held	% Holding
1	Iconic Trust (Private) Limited	**163,580,768**	**30.43%**
2	Browns Investments PLC	**140,630,654**	**26.16%**
3	Seylan Bank PLC/A. C. Senanka	**8,745,869**	**1.63%**
4	Commercial Bank of Ceylon PLC/W. Jinadasa	**6,380,150**	**1.19%**
5	Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	**4,950,000**	**0.92%**
6	Tranz Dominion, L.L.C.	**3,600,000**	**0.67%**
7	Rosewood (Pvt) Limited-Account No.1	**3,013,461**	**0.56%**
8	Seylan Bank PLC/JN Lanka Holdings Company (Pvt) Ltd	**2,961,131**	**0.55%**
9	Mr. K. S. N. Hirdaramani	**2,902,287**	**0.54%**
10	Mr. A. M. Weerasinghe	**2,775,000**	**0.52%**
11	Employees Trust Fund Board	**2,456,730**	**0.46%**
12	Jafferjee Brothers Exports (Private) Limited	**2,084,888**	**0.39%**
13	DFCC Bank PLC/Weththinge Jinadasa	**2,000,000**	**0.37%**
14	Mr. F. Kassim	**1,832,823**	**0.34%**
15	Miss S. S. P. Kandambi	**1,797,753**	**0.33%**
16	Merchant Bank of Sri Lanka & Finance PLC/R. G. Senevirathne and A. Senavirathne	**1,714,319**	**0.32%**
17	Hatton National Bank PLC/Elayathamby Thavagnanasundaram	**1,671,368**	**0.31%**
18	Citizens Development Business Finance Account No. 02	**1,579,008**	**0.29%**
19	Amana Bank PLC/Hi-Line Towers Pvt Limited	**1,481,033**	**0.28%**
20	People S Leasing And Finance PLC/R. M. N. C. Bandara	**1,450,631**	**0.27%**
	Total	**357,607,873**	**66.53%**

TOP 20 SHAREHOLDERS AS AT 31ST MARCH 2025

No	Shareholder	Shares Held	% Holding
1	Iconic Trust (Private) Limited	163,580,768	30.43%
2	Browns Investments PLC	140,623,654	26.16%
3	Hatton National Bank PLC /Almas Capital (Private) Limited	28,996,655	5.39%
4	Deutsche Bank AG Trustee to Lynear Wealth Dynamic Opportunities Fund	8,344,440	1.55%
5	Seylan Bank PLC/W. G. U. I. Ranaweera	5,863,952	1.00%
6	Mr. H. Yusoof	5,000,000	0.93%
7	Invenco Capital (Private) Limited	4,226,429	0.79%
8	Amana Bank PLC/Hi-Line Trading (Private) Limited	3,652,082	0.68%
9	Tranz Dominion, L.L.C.	3,600,000	0.67%
10	Seylan Bank PLC/Mohamed Mushtaq Fuad	3,498,600	0.65%
11	Union Assurance PLC-Universal Life Fund	3,155,731	0.59%
12	People S Leasing And Finance PLC/Nagoya Ceylon Trading (Private) Limited	3,138,894	0.58%
13	Deutsche Bank AG-National Equity Fund	2,966,681	0.55%
14	Commercial Bank of Ceylon PLC/W. Jinadasa	2,476,403	0.46%
15	Mrs. R. J. Vidanapathirana	2,191,329	0.41%
16	Mr. N. R. Gajendran	2,080,500	0.39%
17	Mrs. S. Balendra	2,000,000	0.37%
18	Mr. S. A. Cooray	2,000,000	0.37%
19	Mr. A. M. Weerasinghe	2,000,000	0.37%
20	Lynear Wealth Management/Mr. H. Yusoof	1,888,675	0.35%
	Total	391,284,793	72.69%

INVESTOR INFORMATION

MARKET PRICE PER SHARE AS AT 31 MARCH

	2026	2025
	Rs	Rs
Highest during the year	**39.20**	18.60
Lowest during the year	**13.70**	8.00
Last traded as at the end of the year	**28.30**	15.70

COMPOSITION OF SHAREHOLDERS AS AT 31ST MARCH

	2026		2025	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Institutions	**408,690,172**	76.03	**423,274,472**	78.75
Individuals	**128,822,258**	23.97	**114,237,958**	21.25
Total	**537,512,430**	100	**537,512,430**	100
Resident	**531,706,801**	98.91	**532,410,212**	99.05
Non Resident	**5,805,629**	1.09	**5,102,218**	0.95
Total	**537,512,430**	100.00	**537,512,430**	100.00

DISTRIBUTION OF SHAREHOLDERS AS AT 31 MARCH

		2026			2025		
Range		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	1,000	**16,192**	**12,511,679**	**2.33**	13,686	11,797,649	2.19
1,001	10,000	**7,460**	**20,012,875**	**3.72**	5,816	13,527,345	2.52
10,001	100,000	**1,401**	**45,258,273**	**8.42**	781	26,986,151	5.02
100,001	1,000,000	**288**	**85,137,385**	**15.84**	202	63,834,795	11.88
Over 1,000,000 Shares		**34**	**374,592,218**	**69.69**	43	421,366,490	78.39
Total		**25,375**	**537,512,430**	**100.00**	20,528	537,512,430	100.00

PUBLIC SHAREHOLDING

	31st March 2026	31st March 2025
	%	%
Public Holding percentage	**43.392**	43.282
Number of public shareholders	**25,371**	20,522
Float adjusted market capitalisation (Rs.)	**6,600,692,226.40**	3,652,580,351.00

The Company complies with the Minimum Public Holding Requirement under the Option 3 of the Colombo Stock Exchange Listing Rule 7.13.1.i (a)

TEN YEAR SUMMARY – GROUP

For the year ended 31 March	2017	2018	2019
Operating Results			
Turnover	4,044,449,473	4,069,119,607	4,699,675,203
Gross Profit	878,893,414	570,545,593	579,954,537
Profit From Operations	498,862,100	169,031,973	302,240,663
Profit Before Associate Company's Share of Profit	346,794,764	(11,975,586)	27,513,370
Profit After Tax	265,459,538	(38,725,906)	12,396,169
As at 31 March			
Assets			
Property Plant & Equipment	1,114,052,321	1,494,627,990	1,440,230,560
Other Non Current Asset	39,622,551	106,629,108	45,469,381
Current Assets	3,262,364,862	3,418,897,764	3,819,142,501
Total Asset	4,416,039,734	5,020,154,863	5,304,842,442
Liabilities			
Long Term Debt	71,484,209	97,601,618	61,585,178
Other Non Current Liabilities	201,002,005	304,376,702	273,262,392
Short Term Debt	98,056,157	238,221,924	276,052,246
Other Current Liabilities	2,359,206,714	2,548,651,323	2,897,005,339
Shareholders' Funds			
Share Capital	894,565,898	894,565,898	894,565,898
Reserves	786,971,222	928,280,433	892,087,895
Minority Interest	(1,842,470)	8,393,965	10,283,494
Ratios			
Total Assets/Equity	2.63	2.74	2.95
Turnover/Assets	0.92	0.81	0.89
Net Margin(%)	6.56%	-0.95%	0.26%
Return on Equity(%)	16.13%	-1.51%	0.75%
Return on Assets(%)	6.01%	-0.77%	0.23%
Share Information			
Earnings per Share	0.50	(0.05)	0.02
Price Earnings Ratio	6.23	(43.10)	64.24
Net Assets Per share	3.12	3.39	3.39

2020	2021	2022	2023	2024	2025	2026
5,563,252,957	5,498,555,123	8,257,835,280	7,069,360,002	8,150,443,782	9,257,863,965	**15,976,595,572**
946,681,164	880,957,894	1,544,135,340	2,564,786,486	1,827,869,193	2,343,794,743	**3,976,011,370**
473,118,590	495,404,118	1,078,940,198	1,725,536,198	1,227,960,840	1,405,330,806	**3,080,612,411**
255,970,660	322,561,981	562,946,915	851,259,145	818,732,882	1,185,651,027	**2,922,668,356**
228,758,686	319,961,155	471,680,985	703,352,327	727,728,217	903,469,623	**2,659,658,373**
1,464,116,282	1,942,237,593	2,799,890,735	2,719,004,672	2,569,460,629	3,531,182,874	**4,614,466,368**
46,135,786	66,676,972	83,306,697	209,269,791	319,560,346	367,446,863	**526,326,265**
3,387,938,408	4,641,080,288	5,187,457,912	4,763,189,695	6,076,001,097	9,271,494,869	**18,782,674,090**
4,898,190,476	6,649,994,853	8,070,655,345	7,691,464,158	8,965,022,072	13,170,124,606	**23,923,466,723**
113,244,086	142,094,560	301,965,249	379,635,225	95,540,774	1,384,572,349	**5,867,084,232**
263,240,870	269,535,698	374,084,107	593,496,342	604,911,682	783,014,722	**794,628,502**
186,423,083	132,699,932	324,537,052	72,749,948	2,409,107	2,415,107	**234,002,025**
2,313,300,813	3,387,220,329	3,273,648,327	2,335,363,832	3,231,594,357	4,785,656,229	**8,125,027,076**
894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	894,565,898	**894,565,898**
1,117,937,088	1,810,974,781	2,874,719,220	3,390,552,378	4,135,809,305	5,319,681,506	**8,007,807,153**
9,478,637	12,903,655	27,135,487	25,100,535	190,949	218,795	**351,837**
2.42	2.45	2.13	1.78	1.78	2.12	**2.69**
1.14	0.83	1.02	0.92	0.91	0.70	**0.67**
4.11%	5.82%	5.71%	9.95%	8.93%	9.76%	**16.65%**
11.82%	11.94%	12.35%	16.32%	15.20%	14.54%	**29.87%**
4.67%	4.81%	5.84%	9.14%	8.12%	6.86%	**11.12%**
0.43	0.60	0.87	1.32	1.42	1.68	**4.95**
4.92	9.48	7.85	9.12	8.36	9.34	**5.72**
3.74	5.05	7.01	7.97	9.36	11.56	**16.56**

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 23RD ANNUAL GENERAL MEETING of the Company will be held on 05th August 2026 at 10.30 a.m. as a virtual meeting with arrangements for the on-line meeting platform made at LOLC Holdings PLC, No.100/1, Sri Jayewardenepura 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 2026 with the Auditors' Report thereon.
2. To re-elect as a Director Mrs. V. G. S. S. Kotakadeniya who retires by rotation in terms of Article No. 91 of the Articles of Association of the Company.
3. To re-elect as a Director Mr. P. E. A. B. Perera who retires by rotation in terms of Article No. 91 of the Articles of Association of the Company.
4. To re-appoint as a Director Mr. D. S. Panditha, who retires in terms of Section 210 of the Companies Act No. 7 of 2007, for which the passing of the following Ordinary Resolution is recommended:

   "Resolved that Mr. D. S. Panditha who reached the age of 70 years on 14th July 2022 be re-appointed a Director of the Company and that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply him."
5. 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.
6. 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

LOLC Corporate Services (Private) Limited
Secretaries

13th July 2026

FORM OF PROXY

I/ We ..... of ..... being a member/ members of Sierra Cables PLC hereby appoint; ..... of whom failing

Mr. I. C. Nanayakkara	or failing him
Mr. M. A. P. N. Weerasingha	or failing him
Mr. W. D. C. H. Jayatunga	or failing him
Mr. D. S. Panditha	or failing him
Mrs. V. G. S. S. Kotakadeniya	or failing her
Mr. D. S. K. Amarasekara	or failing him
Mr. P. D. G. Jayasena	of failing him
Mr. P. E. A. B. Perera	or failing him
Mr. S. M. S. C. Jayasuriya	or failing him
Prof. G. I. U. S. Perera	

as my/our proxy to represent me/us and vote on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held as an online meeting on 05th August 2026 at 10.30 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	Abstained
1. To re-elect Mrs. V. G. S. S. Kotakadeniya as a Director in terms of Article No. 91 of the Articles of Association of the Company.			
2. To re-elect Mr. P. E. A. B. Perera as a Director in terms of Article No. 91 of the Articles of Association of the Company.			
3. To re-appoint Mr. D. S. Panditha as a Director who is over 70 years of age as an Executive Director.			
4. 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.			
5. To authorize Directors to make donations.			

dated this …..…….. day …..…….. of Two Thousand and Twenty Six

……

Signature of Shareholder/s

FORM OF PROXY

Please provide the following details:

Shareholder's NIC No. : .....

No. of Shares Held : .....

Proxy Holder's NIC No. : .....

(If not a Director of the Company)

(Please delete inappropriate words and refer overleaf for instructions)

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, No.100/1, Sri Jayawarenapura Mawatha, Rajagiriya OR scanned and emailed to corporateservices@lolc.com with the email subject titled "SIERRA AGM 2026 PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

STAKEHOLDER FEEDBACK FORM

Sierra Cables PLC values your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

CONTACT INFORMATION

Name: .....

Email: .....

Phone: .....

Company/Organization: .....

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (YOU MAY TICK MORE THAN ONE)

- ☐ Shareholder
- ☐ Customer
- ☐ Community
- ☐ Public Authority
- ☐ Employee
- ☐ Student
- ☐ Regulatory Body
- ☐ Journalist
- ☐ Service Provider
- ☐ Supplier
- ☐ Special Interest Group

GENERAL FEEDBACK

1. How would you rate your overall satisfaction with the Company's communication practices?

- ☐ Very Satisfied
- ☐ Satisfied
- ☐ Neutral
- ☐ Dissatisfied
- ☐ Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

- ☐ Always
- ☐ Often
- ☐ Sometimes
- ☐ Rarely
- ☐ Never

3. How effective do you find the Company's use of its website and social media for communication?

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

STAKEHOLDER FEEDBACK FORM

SPECIFIC FEEDBACK

1. What specific aspects of the Company's communication do you find most useful?

- ☐ Financial Reports
- ☐ Annual Reports
- ☐ Press Releases
- ☐ Investor Briefings
- ☐ Social Media Updates
- ☐ Website Content
- ☐ Other please specify): .....

2. How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?

- ☐ Very Accessible
- ☐ Accessible
- ☐ Neutral
- ☐ Inaccessible
- ☐ Difficult to Access

3. How effectively does the Company address your concerns and queries?

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

FORWARD-LOOKING INFORMATION & MAJOR DEVELOPMENTS

4. How useful do you find the Company's forward-looking comments and information on future prospects?

- ☐ Very Useful
- ☐ Useful
- ☐ Neutral
- ☐ Not Useful
- ☐ Not Useful at All

5. How effectively does the Company handle the communication of major corporate developments (e.g., mergers, acquisitions, new products)?

- ☐ Very Effectively
- ☐ Effectively
- ☐ Neutral
- ☐ Ineffectively
- ☐ Very Ineffectively

CRISIS COMMUNICATION & CONFIDENTIALITY

6. How confident are you in the Company's ability to manage crisis communications?

- ☐ Very Confident
- ☐ Confident
- ☐ Neutral
- ☐ Not Confident
- ☐ Not Confident at All

7. How well does the Company maintain the confidentiality of sensitive information?

- ☐ Very Effectively
- ☐ Effectively
- ☐ Neutral
- ☐ Ineffectively
- ☐ Very Ineffectively

ADDITIONAL COMMENTS

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

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SUBMISSION

Please return the completed form to:
Head of Finance /Investor Relations OR Group Communications

SIERRA CABLES PLC

Email: malinga_r@sierracables.com and susaanb@lolc.com

CORPORATE INFORMATION

NAME OF THE COMPANY

Sierra Cables PLC

COMPANY REGISTRATION NO.

PQ 166 (Under Companies Act No. 7 of 2007)

REGISTERED OFFICE

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

STOCK EXCHANGE LISTING

The ordinary shares of the Company were listed on the Colombo Stock Exchange of Sri Lanka on 2nd November 2005.

RATING

Fitch ratings assigned the company a solid rating of A+(lka)

PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

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

COMPANY SECRETARIES

LOLC Corporate Services (Private) Limited
No. 100/1, Sri Jayewarenapura Mawatha, Rajagiriya
Tel: 011 7248248, 011 7248553
Fax: 011 2865606
Email: corporateservices@lolc.com

REGISTRARS

S S P Corporate Services (Pvt) Ltd.,
101, Inner Flower Road, Colombo 3
Telephone: +94 11 2573894
Fax: 0112573609

AUDITORS

KPMG (Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
PO Box 186, Colombo 03
Tel: 011 5426426
Fax: 011 2445872
Email: frt@kpmg.lk

SUBSIDIARY COMPANIES

Sierra Cables East Africa Limited, Kenya

EQUITY ACCOUNTED INVESTEES

T & G Lanka (Private) Limited – Associate Cables PTE Limited, Fiji – Joint Venture

BANKERS

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

DOMICILE AND LEGAL FORM

Sierra Cables PLC is a Limited Liability Company Incorporated and domiciled in Sri Lanka
Tel: 011 4412000-4
Fax: 011 2770291, 011 4412573
E-mail: info@sierracables.com

INVESTOR RELATIONS

Mr. R. D. S. Malinga
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