

Sri Lanka Telecom PLC
Annual Report
2020



Mapping the

Digital

Highway

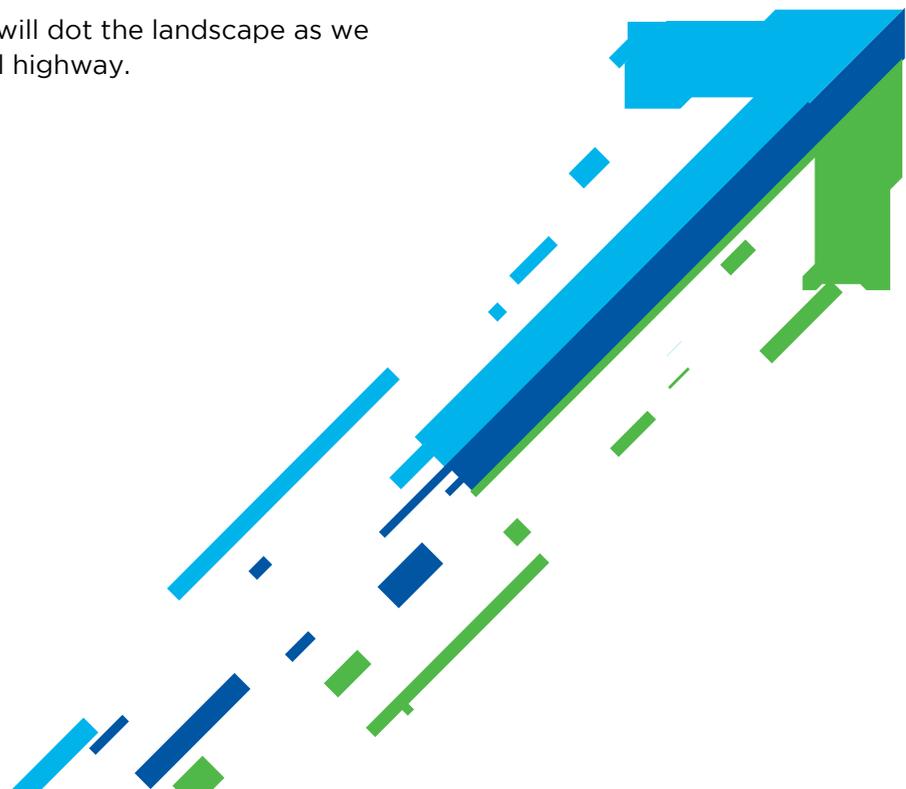
MAPPING THE DIGITAL HIGHWAY

Over the last few years, SLT has been forging ahead in its transformation from a communications service provider to a digital service provider. At the heart of this journey is a mission to empower the country's citizens, providing them with access, and inclusion in a bold new digital future that offers new opportunities and possibilities. As Sri Lanka's leading broadband and backbone infrastructure provider, with a fibre optic system spanning nearly 60,000 km across the island, our digital highway is providing essential connectivity to all.

This year, connection – in all senses of the word – was more important than ever. The COVID-19 pandemic has challenged every aspect of life across the globe, causing nations to rethink and recalibrate business processes to embrace a new normal and an emerging “new economy”. SLT played a vital role in keeping Sri Lanka's ICT pathways fully operational and supported throughout, covering virtually every facet of life and public and private sector enterprise.

Looking beyond our shores, SLT launched Xyntac, its global business unit last year, leveraging its world class infrastructure and product portfolio towards sale of voice and data services in the global market.

These and other milestones will dot the landscape as we continue mapping the digital highway.



CONTENTS



3

[ABOUT THE REPORT](#)



4-10

[ABOUT SLT](#)



11-24

[SHAPING THE DIGITAL LANDSCAPE](#)

- 12 [2020 AT A GLANCE](#)
- 14 [GROUP CHAIRMAN'S MESSAGE](#)
- 18 [GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE](#)
- 20 [CHIEF EXECUTIVE OFFICER'S REVIEW](#)
- 22 [CHIEF OPERATING OFFICER'S MESSAGE](#)



25-39

[ACCELERATING DIGITAL TRANSFORMATION](#)

- 26 [OPERATING ENVIRONMENT](#)
- 30 [STAKEHOLDER ENGAGEMENT AND MATERIALITY](#)
- 35 [STRATEGIC DIRECTION](#)
- 38 [VALUE CREATION MODEL](#)



40-43

[THE TRANSFORMATIVE DIGITAL INNOVATOR](#)



44-100

[CREATING SHARED SUCCESS](#)

- 45 [FINANCIAL CAPITAL](#)
- 51 [INSTITUTIONAL CAPITAL](#)
- 57 [SOCIAL AND RELATIONSHIP CAPITAL](#)
- 91 [EMPLOYEE CAPITAL](#)



101-134

[AN ORGANISATION OF REPUTE](#)

- 102 [BOARD OF DIRECTORS](#)
- 107 [EXECUTIVE MANAGEMENT](#)
- 114 [SUBSIDIARY CHIEF OFFICERS](#)
- 116 [CORPORATE GOVERNANCE](#)
- 126 [AUDIT COMMITTEE REPORT](#)
- 129 [REMUNERATION AND NOMINATION COMMITTEE REPORT](#)
- 130 [REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE](#)
- 131 [ENTERPRISE RISK MANAGEMENT](#)



135-212

[FINANCIAL REPORTS](#)

- 136 [ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY](#)
- 141 [STATEMENT OF DIRECTORS IN RELATION TO THEIR RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS](#)
- 142 [INDEPENDENT AUDITORS' REPORT](#)
- 145 [STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME](#)
- 146 [STATEMENT OF FINANCIAL POSITION](#)
- 147 [STATEMENT OF CHANGES IN EQUITY – GROUP](#)
- 148 [STATEMENT OF CHANGES IN EQUITY – COMPANY](#)
- 149 [STATEMENT OF CASH FLOWS](#)
- 150 [NOTES TO THE FINANCIAL STATEMENTS](#)

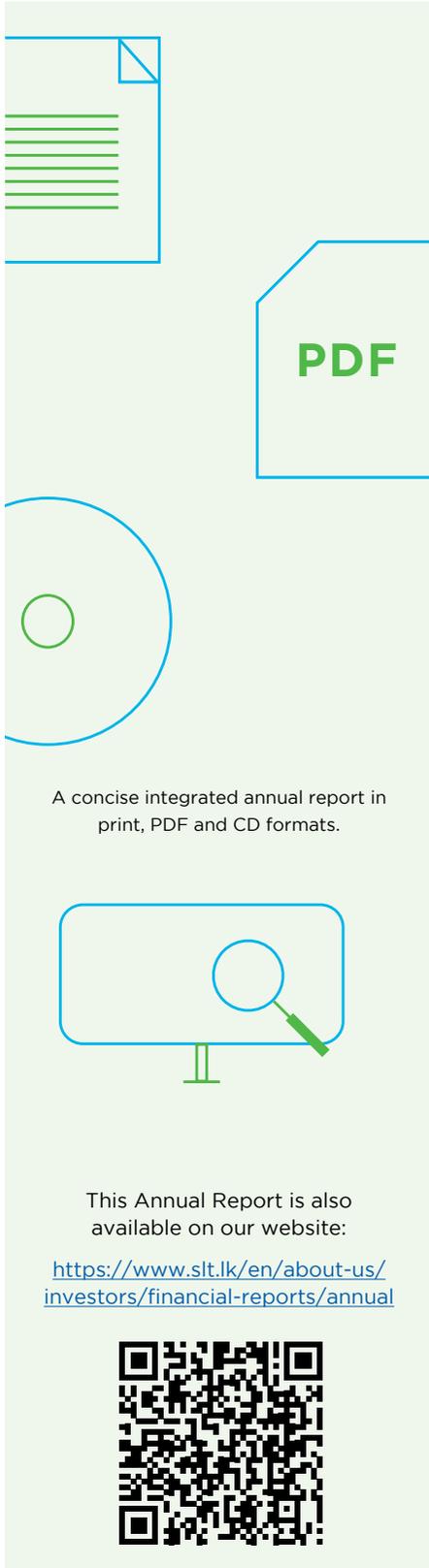


213-228

[SUPPLEMENTARY INFORMATION](#)

- 214 [TEN YEAR PROGRESS – GROUP](#)
- 215 [PORTFOLIO OF LANDS](#)
- 222 [GRI INDEX](#)
- 226 [ABBREVIATIONS](#)
- 227 [NOTICE OF ANNUAL GENERAL MEETING](#)

ABOUT THE REPORT



This is our eighth Integrated Annual Report, which contains information on our strategy, value creation and related performance and impact for the financial year that commenced on 1 January 2020, and ended on 31 December 2020. It builds on our previous Integrated Annual Report that we published on 31 December 2019, which is available on our website: <https://www.slt.lk>.

We aim to provide a balanced review of our performance, communicating relevant material information in a concise but comprehensive manner.

Report boundary and compliance

The report provides an overview of the entire operations of Sri Lanka Telecom PLC and its subsidiaries, duly identified as “SLT” or the “Company” individually, and “Group” collectively. Key financial aspects are discussed in the context of the Company and the Group, which is consistent with the framework adopted in the previous year. SLT Group’s business is dominated by two principal segments, namely, fixed ICT operations and mobile ICT operations. These two segments are treated either separately or as one “ICT Business” as appropriate, in our Management Discussion and Analysis.

We have drawn on concepts, principles, and guidance from the following frameworks in preparing this report:

- Global Reporting Initiative (GRI) Sustainability Reporting Guidelines GRI Standards
- International <IR> Framework (IIRC)
- Smart Integrated Reporting Methodology™

The information contained herein, as in the past, is in compliance with all applicable laws, regulations, and standards.

Precautionary principle

We apply the precautionary principle in relation to our social and environmental sustainability. We are highly cognisant that our operations exert a direct and an indirect impact on society and the environment and we have taken all necessary measures to alleviate such risks.

Assurance

We have assessed various aspects of our operations to assure the accuracy and reliability of all information and data contained in this report.

Queries

We welcome your comments and queries on this report and we invite you to direct them to:

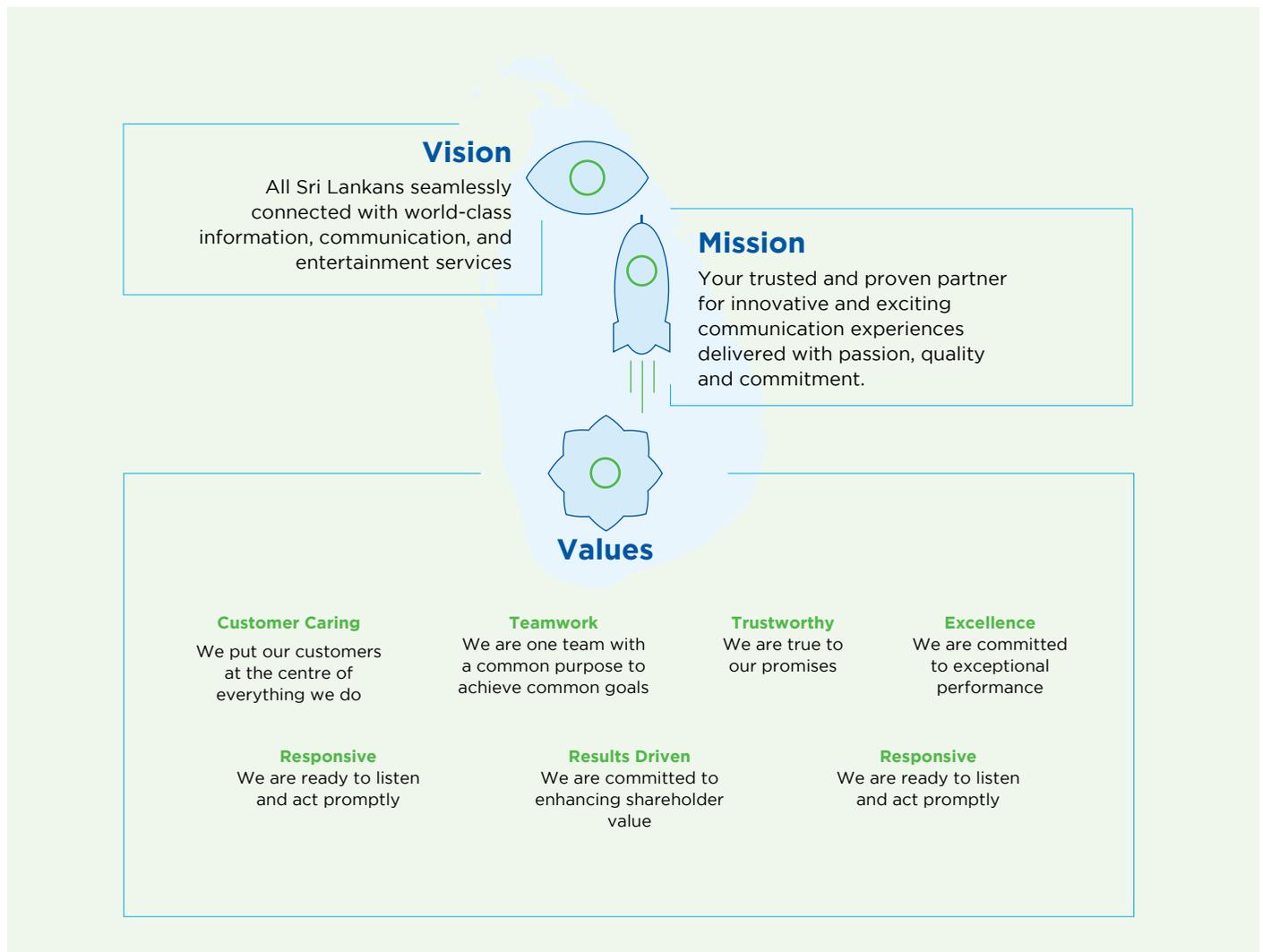
Mr Mahesh Athukorale,
Group Company Secretary,
Sri Lanka Telecom PLC,
Lotus Road, Colombo 01,
Sri Lanka.

Tel: +94 11 239 9478

E-mail: mathukorale@slt.com.lk

ABOUT SLT

Sri Lanka Telecom (SLT) is the National Information and Communications Technology (ICT) solutions provider and the leading broadband and backbone infrastructure services provider of Sri Lanka. For over 163 years, the Company has served the Nation's need for connectivity, operating on fixed, mobile, and other operational segments. SLT fulfil the needs of over nine million customers in the island through its high speed fibre, copper, and wireless access network. Company's transformation into a digital service provider have enabled to move beyond telecommunications services, to provide a variety of services and solutions that cater to a digital lifestyle. SLT is positioned as a key global player by connecting Sri Lanka to the world through international submarine cable systems.

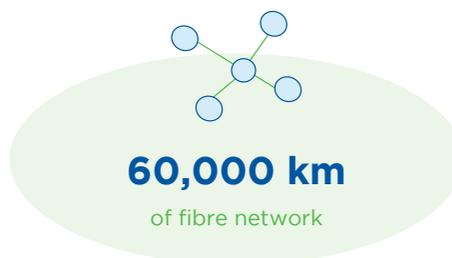


Market position

The National Information and Communications Technology (ICT) solutions provider

ABOUT SLT

Economic impact

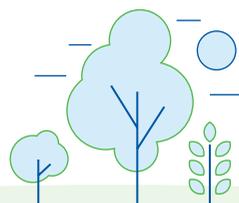


Financial strength – Group

Revenue 2016 – 2020 (LKR Mn.)



Profit after tax 2016 – 2020 (LKR Mn.)



Commitment to environmental sustainability

SLT has been verified by SLSI against
ISO 14064 – 1: 2018 on carbon footprint

ABOUT SLT



GROUP STRUCTURE



40%
Galle Submarine Cable Depot (Pvt) Ltd.
Submarine cable depot service provider



SRI LANKA TELECOM (SERVICES) LTD.
99.99%
Network & System integration solutions provider



SLT DIGITAL INFO SERVICES (PVT) LTD.
100%
Digital marketing, directory information publishing (SLT Rainbow Pages), web development, event management, and activation services



SLT VISIONCOM (PVT) LTD.
100%
Internet Protocol Television (IPTV) service provider

100%  **SLTC**
SLT Campus (Pvt) Ltd.
Higher Education Services



SLT HUMAN CAPITAL SOLUTIONS (PVT) LTD.
100%
Total HR solutions provider

100%  **Talentfort (Pvt) Ltd.**
Total HR solutions provider
T A L E N T
F O R T
Success through people



SLT PROPERTY MANAGEMENT (PVT) LTD.
100%
Managing SLT's real estate resources



MOBITEL (PVT) LTD.
100%
Mobile Service Provider



ECHANNELLING
87.59%
Pioneer software development and ICT service provider to the Healthcare industry



MOBIT TECHNOLOGIES (PVT) LTD
100%
Provider of software solutions

ABOUT SLT

Principal lines of business

The Sri Lanka Telecom (“SLT”) Group provides diversified services and a wide range of ICT solutions to its diverse customer base through the latest technologies. These cover fixed and mobile telephony, broadband, data services, Internet Protocol Television (IPTV), cloud computing and hosting services, and networking solutions.

SLT’s primary strategic segments are:

- Fixed ICT operations
- Mobile ICT operations
- Other segment operations

Fixed and mobile ICT operations constitute the core business, collectively accounting for 98% of revenue, 98% of total assets, and 97% of capital expenditure of the SLT Group in 2020.

Secondary lines of business

In its journey of transformation into a digital service provider, SLT has expanded beyond ICT services to deliver products and services that utilise its core strengths, expertise, and assets. SLT offers the following services through its subsidiaries:

- IPTV services and content creation facilities
- Human Resources solutions
- ICT infrastructure and system integrator solutions
- Directory services
- Digital marketing solutions
- Tertiary educational services
- Healthcare channelling platform
- Submarine cable maintenance
- Software solutions

In addition to diversifying the Group’s revenue streams and portfolio, the Company also seeks to build up the core competencies of the Nation and the Sri Lankan people, and elevate the image of Sri Lanka as a global player in the telecommunications industry.

Products and markets

Fixed ICT operations

SLT operate in the fixed ICT business, providing telecom networks and ICT services to organisations of all sizes across all economic sectors, other telecommunications operators and internet service providers (ISPs), public sector institutions, and domestic customers. The range of ICT facilities and services provided by SLT include voice, data, broadband, wholesale, enterprise, cloud, international, and IPTV. One of the Group’s key strategic objectives is to drive adoption of broadband-based consumer and enterprise services by expanding the broadband footprint through the Next Generation Network (NGN) and National Backbone Network (NBN). These efforts are supplemented by an array of technologies including optical fibre, ADSL2+, VDSL2, carrier-grade Wi-Fi, and both fixed and mobile 4G LTE technologies. Using the multiple international submarine cable networks, SLT offers state-of-the-art global services, securing its position as a key global player in the telecom industry.

Mobile ICT operations

Mobitel (Pvt) Ltd. (“Mobitel”), a fully-owned subsidiary of SLT, is the pioneer in bringing the latest mobile technology to the local market. The Company offers a host of ICT services including mobile telephony services, high-speed broadband, enterprise solutions, IDD services, mobile money (mCash) and a host of value added services.

Mobitel is the pioneer in South Asia to launch a Super 3.5G HSPA network and successfully demonstrate HSPA+ Multiple Input Multiple Output (MIMO) technology. For the first time in South Asia, the Company successfully trialed 4.5G-LTE Advanced Pro technology with Carrier Aggregation (CA) of three bands in 2016 and in 2017, Mobitel was able to deploy the first Sub-1G Mobile Broadband Network in Sri Lanka

innovatively to provide a broader 4G coverage in rural areas of the country. And also Mobitel launched the first commercial 4.5G/4G+ mobile network to provide an unparalleled broadband experience delivering burst speeds up to 300 Mbps to Sri Lankans in 2018. In April 2019, Mobitel was the first network in South Asia to successfully showcase the deployment of 5G over a mobile network by connecting a commercial mobile smartphone to its 5G network with a speed record of 1.55 Gbps and the first network to be recognised as the first mobile 5G network on the Ookla 5G map.

Mobitel unveiled the first 5G site at its store in One Galle Face, offering customers the opportunity to experience the true power of 5G with Mobitel and users who have 5G enabled smartphones can now experience Mobitel 5G technology at Mobitel X-Station. Mobitel is in the process to expand more 5G-experience locations around the country and expect to commence commercial 5G operation in near future with TRCSL commercial 5G license issuance. The Company has fuelled over USD 700 Mn. worth of investments to date, shaping Sri Lanka’s ICT landscape experiencing exciting growth, poised to lead Sri Lanka towards an info com and knowledge rich society. Mobitel’s coverage extends nationwide and includes international roaming with the partnership of a global web of over 750 networks, to ensure digital inclusivity to all Sri Lankans.

Having pioneered 5G in Sri Lanka and South Asia and publicly demonstrating the first 5G Massive MIMO deployment over 3.5 GHz spectrum, Mobitel completed the First 5G Voice Call in South Asia successfully. During 2020, Mobitel displayed the transformational potential of 5G Technology, by telecasting the first 5G enabled Mixed Reality Live TV Show via its 5G Network in collaboration with SLT Peo TV - *Charana* TV Channel. By allowing geographically dispersed participants to be connected into the virtual events in real time, the telecast demonstrated how low latency and high-speed capabilities in 5G Technology can make virtual reality boundaries seamless.

ABOUT SLT

Mobitel was the first mobile network operator to deploy a Sub-1G mobile broadband network utilising 850 MHz spectrum in Sri Lanka, increasing 4G LTE coverage across the island. In 2018, Mobitel commenced rolling out its largest-ever 4G LTE expansion project and deployed over 3000 LTE sites across the nation together with Voice over LTE (VoLTE), enabling customers to make high quality voice calls over the LTE network. Taking another innovative step towards the digital transformation, Mobitel provided a state-of-the-art LTE Critical Communications solution to a leading container terminal operator for the first time in Sri Lanka.

In recognition of the exceptional broadband network experience, Mobitel have been continuously recognised by Speedtest Awards by Ookla, the global leader in internet speed testing, as the fastest mobile network in Sri Lanka for the second consecutive year in 2019 and 2020. This is the third time that Mobitel has achieved this award, the first being in 2017.

Mobitel is capable of delivering coverage with increased penetration, with the launch of South Asia's first NB-IoT network in the 850/900 MHz spectrum. This enable use by sensors, embedded deep within concrete structures or underground such as those required for smart meters, disaster monitoring sensors, and car park sensors. Mobitel have demonstrated the use of NB-IoT as a powerful technology in urban farming and home safety systems as well. Mobitel successfully provided connectivity to variety of commercial NB-IoT solutions island-wide and has conducted further PoCs and trials with many other industries to improve their efficiency and productivity. Further, Mobitel has made great steps in recent years to expand its influence in IoT and Automation to bring the state-of-the-art advanced technologies to Sri Lanka enterprises.

Our reach

Covering the entire island, the SLT Group serves a customer base of over nine million customers across fixed and mobile ICT services. The wide range

of customers include domestic users, small and medium enterprises (SMEs), retail customers, multinationals and enterprises, public sector institutions, and other operators and wholesale customers. The extensive fibre optic network, with broadband speeds of up to 1 Gbps, extends nearly 60,000 km across the Nation.

Network connectivity

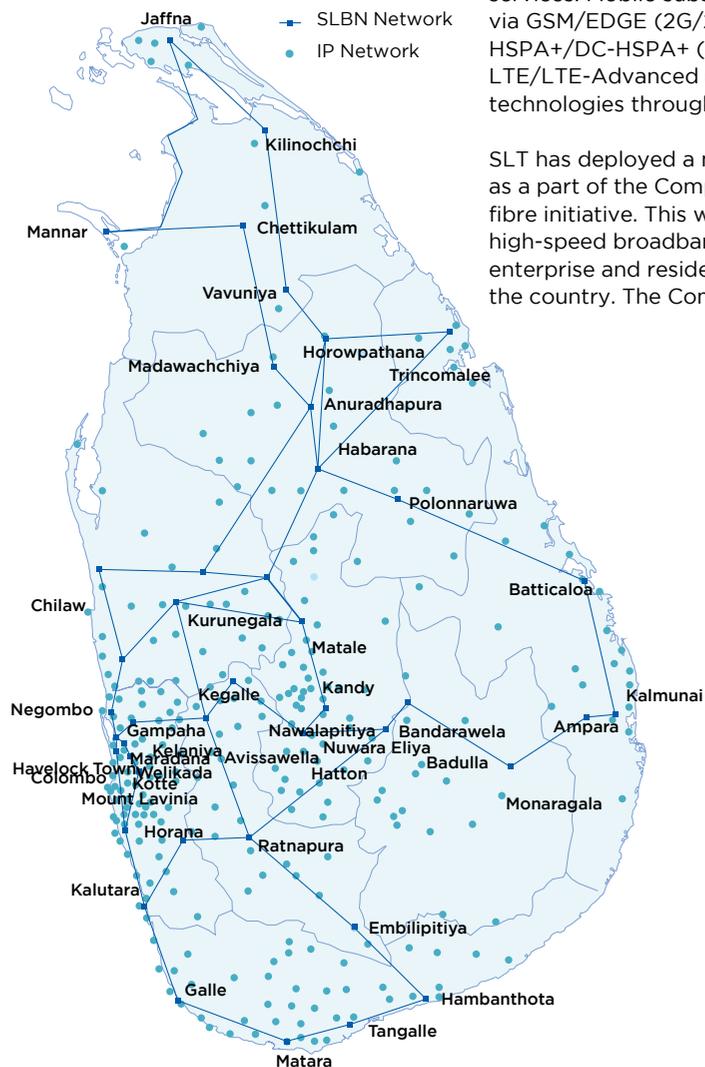
Having laid out 60,000 km of core fibre throughout the island, SLT has extended fibre access. With this implementation of Fibre network, SLT has replaced its

legacy access network by fiber technology and monetised the access network of copper cables valued over LKR 6 Bn.

All traffic from various points in the island is accumulated through over 500 nodes connected throughout the country. This enables SLT to route data to its destination within milliseconds. The core transmission network is equally built with an ultra-high-speed capacity and cutting-edge routers.

The mobile network connects over 7.9 million subscribers across Sri Lanka with voice and broadband wireless services. Mobile subscribers can connect via GSM/EDGE (2G/2.5G), UMTS/HSPA/HSPA+/DC-HSPA+ (3G/3.5G/3.75G), LTE/LTE-Advanced (4G/4.5G) technologies through Mobitel.

SLT has deployed a new Fibre network as a part of the Company's accelerated fibre initiative. This will facilitate new high-speed broadband services to enterprise and residential users across the country. The Company is rapidly



ABOUT SLT

enhancing its broadband footprint in Sri Lanka to better respond to growing ultra-broadband demand from customers and provide access to a platitude of broadband-based services. The Company aims to ensure its network is future-proofed, enabling it to evolve to virtualisation and software defined access networks (SDAN) by software upgrade.

National Backbone Network (NBN)

SLT's advanced fibre optic based nationwide telecommunication main backbone network is a veritable asset in the country's development. The network is built on 100G technology, 500+ nodes, and 61 SLBN nodes which are always functioning due to comprehensive protection schemes such as Automatically Switched Optical Network (ASON) and a comprehensive 1+2 redundancy system. The high quality network is one that features a high speed of 8 Tbps combined with extremely low latency.

SLT's IP network is the largest network in the island. It comprises 100 Gbps backbone, metro rings, and multiple access rings consisting of over 500 high-capacity nodes and over 3,000 service segregation nodes. The network provides intelligent IP transport services

for various platforms which are related to delivering SLT's retail products (broadband, PeoTV, 4G, and Wi-Fi) and connecting government, enterprise, and network carriers. The NBN aims to facilitate Sri Lanka's ICT development plans with the future needs of all ICT operators in the country.

South Asia's first submarine cable depot

Galle Submarine Cable Depot Ltd. is South Asia's first submarine cable depot, located in Galle. SLT formed a joint venture in conjunction with Indian Ocean Cables Private Limited (IOCPL) to provide submarine cable spare storage facilities for regional telecom operators under the South East Asia Indian Ocean Cable Maintenance Agreement (SEAIOCMCA) zone. The Submarine Cable Depot commenced operations in January 2019.

Global connectivity

SLT connects Sri Lanka to the world through five international submarine cable systems—SEA-ME-WE 3, SEA-ME-WE 4, SEA-ME-WE 5,

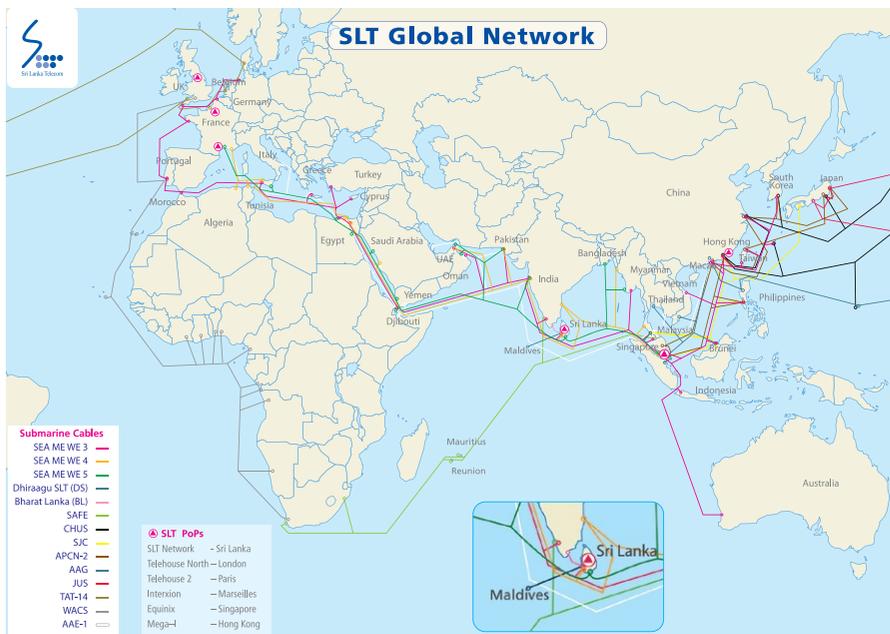
Bharat-Lanka and Dhiraagu-SLT system. SLT is a key member of the SEA-ME-WE 5 cable consortium with a full cable landing station in Matara with a capacity to connect to the East and West cable segments at 36 Tbps each.

SLT's investment in SEA-ME-WE 6 submarine cable system that run from Singapore to France has a bandwidth of 120 Tbps. This will become a key part of the content delivery network as SLT strategises to focus on supporting rich media and video content in the future. The cable network is a vital component of the Sri Lanka's 5G network as well. This would provide customers access to rich content hosted in other countries with high-speed connectivity to those locations. The investment in SEA-ME-WE 6 cable has moved Sri Lanka's global connectivity capacity to the next level - with Terabits of capacity; making Sri Lanka and SLT-Mobitel ready to take on the anticipated data explosion.

Market presence

Following the SLT-Mobitel brand unification, regional flagship stores were opened in two main cities to offer customers the opportunity to experience and purchase comprehensive telecommunication solutions. Providing best in class service and latest technological solutions, the regional store will empower customers with fully-fledged telecommunication and mobile solutions ranging from Ultra-fast broadband connections, Smart home solutions, automated bill payments, home entertainment services, state-of-the-art mobile and telephone equipment and many more telecommunication accessories.

Customers can continue to avail of SLT and Mobitel services through the Teleshops and regional telecommunication offices in strategic locations across the Nation within convenient reach of customers. The island-wide extensive dealer and reseller network, enables customers to easily purchase recharge cards and register for broadband and LTE services. Furthermore, customers can pay their bills online at most major banking institutions, supermarkets, and selected retail outlets.



ABOUT SLT

SLT

Teleshops

29

Regional Offices

47

Maintenance Centres

42

Franchise Teleshop

12

MOBITEL

Dealer online

75

Branch/Mini-branch

18

SLT

42

Singer Mega

19

Northern Province

Jaffna
Kilinochchi
Mullaitivu
Mannar
Vavuniya

North Central

Anuradhapura
Polonnaruwa

North Western Province

Kurunegala
Puttalam

Eastern Province

Trincomalee
Batticaloa
Ampara

Western Province

Colombo
Gampaha
Kalutara

Central Province

Kandy
Matale
Nuwara-Eliya

Southern Province

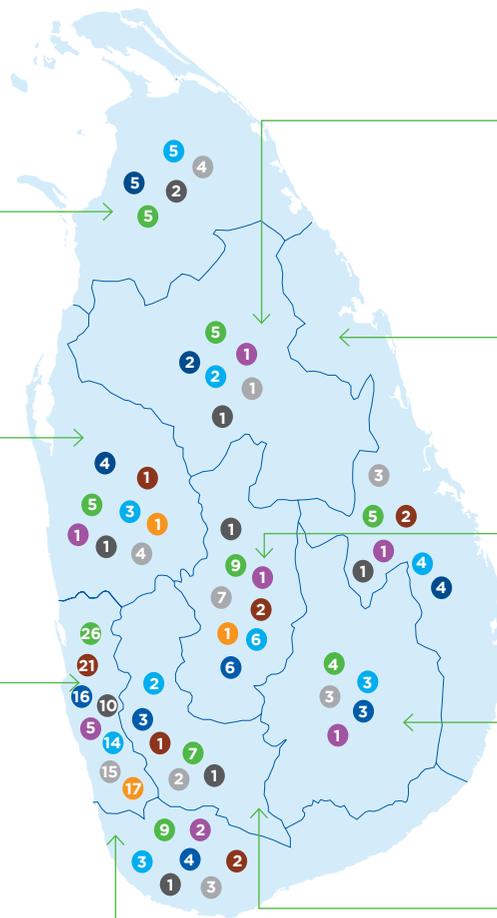
Galle
Matara
Hambantota

Uva Province

Monaragala
Badulla

Sabaragamuwa Province

Ratnapura
Kegalle



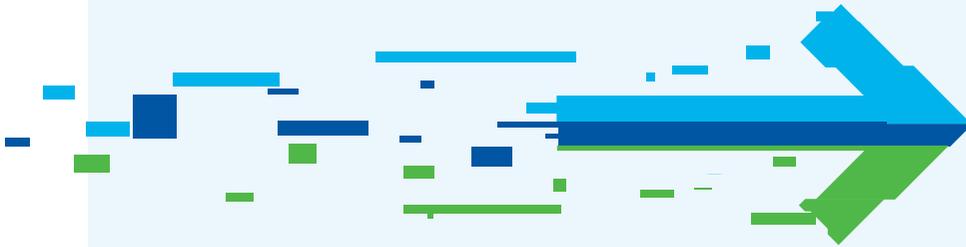
SLT

- Regional Offices
- Teleshops
- Maintenance centres
- Franchise teleshop

MOBITEL

- Dealer online
- Branch/Mini-branch
- SLT
- Singer Mega

SHAPING THE DIGITAL LANDSCAPE

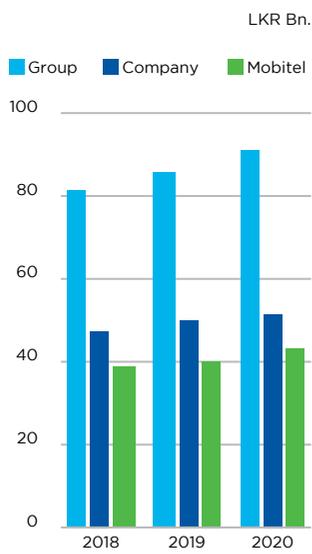


12	2020 AT A GLANCE
14	GROUP CHAIRMAN'S MESSAGE
18	GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE
20	CHIEF EXECUTIVE OFFICER'S REVIEW
22	CHIEF OPERATING OFFICER'S MESSAGE

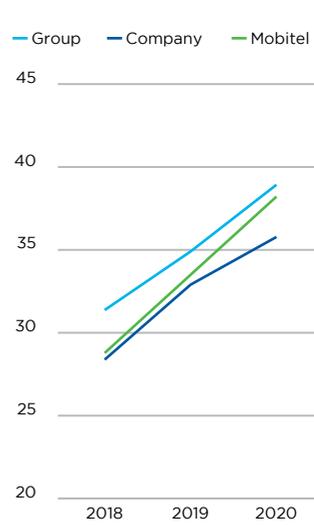
2020 AT A GLANCE

(Sri Lanka rupees million)	2020	2019	Change %
Group			
Revenue	91,119	85,948	6.0
EBITDA	35,450	29,984	18.2
Operating profit	11,632	8,539	36.2
Profit before tax	9,713	8,216	18.2
Profit after tax	7,881	6,322	24.7
Earnings per share (LKR)	4.37	3.50	24.9
Company			
Revenue	51,552	50,007	3.1
EBITDA	18,425	16,452	12.0
Operating profit	3,502	3,350	4.5
Profit before tax	4,539	4,754	-4.5
Profit after tax	4,019	3,780	6.3
Earnings per share (LKR)	2.23	2.09	6.7

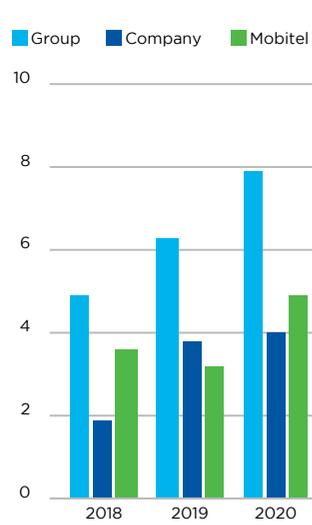
Revenue



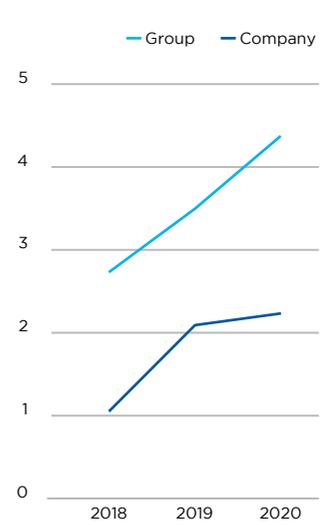
EBITDA/Revenue



Profit After Tax (PAT)



Earnings Per Share (EPS)



Launched
Helaviru,
South Asia's first digital
economic centre

Over
250+
touch points

LKR 29 Bn.
investment on
network expansion

Invested on
SEA-ME-WE 6
submarine cable system

SLT eSiphala,
connected
20,000 students through
virtual classroom

**Top Ten Most
Admired Companies
in 2020**

International Chamber
of Commerce Sri Lanka,
Chartered Institute of
Management Accountants

**Best Corporate
Responsibility
Practices**

Sri Lanka Best Employer
Brand Awards 2020

**Sri Lanka's
Fastest Mobile
Network, for the
year 2020**

Ookla Speedtest
Award 2020

National Long-Term
Rating of

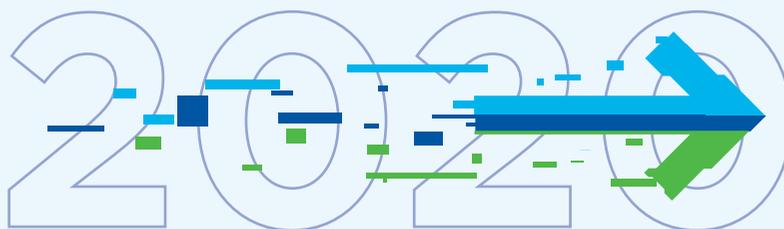
"AA+(Ika)"

by Fitch Ratings

Global presence through
Xyntac

9.8 million
calls processed by
the SLT Contact Centre

Invested over
LKR 350 Mn.
to safeguard Sri Lanka
and provide connectivity
following the COVID-19
pandemic



GROUP CHAIRMAN'S MESSAGE



The year under reference was one of the most challenging and at the same time most exciting. I had the greatest satisfaction in leading the SLT Group amidst tough conditions to return excellent results in every aspect for the year 2020.



GROUP CHAIRMAN'S MESSAGE

I am pleased to issue a message on the publication of the Annual Report of the SLT Group for the year 2020. It is also the year where the changes in the top management took effect with a newly appointed Board of Directors. Therefore, the activities and results recorded in the Annual Report have a direct connection to the new Board of Directors. As intimated last year in my message, I had the greatest satisfaction in leading the SLT Group amidst tough conditions to return excellent results in every aspect for the year 2020.

The year under reference was one of the most challenging and at the same time most exciting. Challenging, because we were confronted with the COVID-19 pandemic as early as the first week of March and the real effect of it being felt from April onwards with lockdowns and restricted movement due to strict health regulations. The country had to endure quarantine emergency regulations and new protocols had to be drafted into our BCP (Business continuation plan) to ensure our tasks were carried out without a breakdown in providing the national service expected of us whilst ensuring our staff was safe and healthy.

Amidst the pandemic scare a threat of ransomware surfaced in July and timely action was taken to minimise any ill effects from this intrusion. I thank our vigilant staff for the quick action taken to mitigate a probable disaster. Readiness to prevent such situations is now defined in our business continuity plan.

It was also an exciting period where we discovered our real strengths and opportunities beyond the simple connection of communication. Working from home, working close to home were adopted to reduce converging and staff being exposed to the virus. Our timely action safeguarded the staff and we successfully managed the epidemic. Our staff was given the comfort of quick assistance through prearranged quarantine centres to meet an emergency. It also dawned on us that in the medium to long-term we can

reduce converging at the headquarters and empower the regional officers to draft staff members closer to their places of residence. In the long-term this would definitely reduce operational costs whilst giving the staff quality time with family by reducing travel time between home and workplace.

Most unexpectedly the Company was inundated with requests for network options and digital solutions arising out of the pandemic lockdowns. Our enterprise teams and customer services were kept busy with new connections, new service platforms and new national enterprise solutions.

It was a year with the least amount of disputes between the Management and staff. Many issues brought to the attention of the Management and the Board of Directors were resolved amicably and the trend was set to cooperate on Company issues as opposed to confrontations by strong trade union action. With the appointment of a Chief Peoples Officer, corporate HR culture was introduced on handling staff grievances and assessments, developing operational procedures etc. These new initiatives helped in improving staff confidence in the Management which was a key factor for industrial harmony throughout the year. This was something unique in the Company where strikes and strong union actions were order of the day in the past. Instead, today the trade unions attached to SLT engage in many cost saving programmes going beyond their call of duty. We at SLT believe this to be a model for other state or state dominated institutions to become financially independent without being a burden to the exchequer. During the year our Company ranking was moved up from 16 to 8 by the prestigious BT magazine and we were also selected amongst the 10 most admired companies in Sri Lanka.

Improving efficiency and eliminating waste was an aspect we focused on from the very beginning of the year. The basic strategies adhered to in this regard were zero corruption, minimum wastage and maximum efficiency.

GROUP CHAIRMAN'S MESSAGE

SLT Group is well positioned to transform the Company from an information and communications technology solutions provider to digital service provider moving into industrial, commercial, and personal requirements of the Nation. Already several important sectors of the country, education, health, agriculture, judiciary, MSME businesses are provided with tailor-made digital platforms with simplified applications for ease of operation.

Improving efficiency and eliminating waste was an aspect we focused on from the very beginning of the year. The basic strategies adhered to in this regard were zero corruption, minimum wastage and maximum efficiency. With leakages stopped on many fronts, accusations of large scale corruptions were non-existent during the year under reference. The Company also created an environment for submission of evidence based complaints on misappropriations and wrong doings for the top Management to take meaningful corrective actions.

In early 2020, an action plan was set in motion to identify industrial waste and monetise same for gain through recycling and disposal via a transparent tender process. The items identified were copper wire and drop wire being replaced by fibre to the home (FTTH) programme, disused equipment cabinets, electronic wastes, damaged telegraphic posts and rails. The consolidated value of this project is over LKR 6 Bn. and during the next few years the Company hopes to convert hitherto classified waste into cash through this programme.

As previously explained, COVID-19 facilitated many a cost saving solutions in operating our systems. This coupled with staff motivation helped in many initiatives to improve system efficiency and reduce down time in our services. The net results of these deliberations are well amplified in the financial reports where the Group recorded historical achievements in all fronts and posted the best ever net profit of LKR 7.9 Bn. for the financial year of 2020.

The two main companies and several subsidiary units in the Group operating in silos was recognised as a perennial cause for stagnation or stunted growth of our top line and customer base. It was more than evident that internal competition and different formats of promotion and marketing gave an edge over us to the competitors. In these circumstances the idea for a unified brand platform was

mooted and by April 2020 a process was started to scout for a suitable creative advertising agency to submit proposals. The final determination was arrived at for SLT-MOBITEL unified brand and the single agency selection to drive the brand through a transparent process. The new strategy is destined to grow the market whilst reducing the costs in relation to the multiple agencies engaged previously. The people of SLT Group were ready to embrace the new brand logo and insignia deployed throughout the entire landscape of products and services. The new strategy was ceremoniously launched on 1st January 2021 and the sentiments in the market are positive towards our objectives.

Going by the vision of His Excellency the President towards a digitalised Sri Lanka and the opportunities now visible post COVID-19, SLT Group is well positioned to transform the Company from a telecommunications provider to digital service provider moving into industrial, commercial, and personal requirements of the Nation. Already several important sectors of the country, education, health, agriculture, judiciary, MSME businesses are provided with tailor-made digital platforms with simplified applications for ease of operation. Smart cities, smart meters for water and electricity supplies are in the pipeline to be rolled out soon. Launching of 5G cutting-edge technology would empower cost effective and precision manufacture. SLT-MOBITEL Research and Development Centre will introduce demand driven applications to meet many solutions including the human-elephant conflicts and securitised options for safe workplaces and homes.

During the year 2020, a substantial amount of social responsibility projects were carried out. Distribution of face masks and food packages during the crucial period of the pandemic was undertaken by the Company. The first ever COVID assistance donation contributed by the staff and Company was presented to the *ITUKAMA* fund

GROUP CHAIRMAN'S MESSAGE

launched by the President. Rehabilitated buses converted as bus libraries, a joint venture between the National Libraries and Sri Lanka Transport Board was launched to support underprivileged students in rural Sri Lanka. Under the *Gamata Sannivedhanaya* (communication to village) project SLT-MOBITEL expanded the network of communication to the persons especially students in most deprived areas.

Several new projects are earmarked for 2021. Amongst these, improving five training institutions with special attention to Hambantota and Batticaloa centres and advancing the curriculum to include IT and digital technology to make the students employable even in foreign countries, creating a knowledge HUB with retired SLT engineers and technicians to teach in our training centres, launching SLT Global to generate job opportunities for secondment of SLT employees and monetising of idle assets to boost the balance sheet will be focused on.

Despite the global downturn in economic activities, Sri Lanka will have new opportunities in many areas. In order to assist these activities, SLT Group will be ready with an IT rollout. It is with much hope we at SLT look to the future prospects of Sri Lanka in a new economic order.

Finally I would like to record my appreciation to the top Management of the SLT Group headed by Mr Lalith Seneviratne the newly appointed Group CEO, the fellow Directors and the staff for the unprecedented cooperation received in steering the Company towards the success we have recorded for the financial year. My appreciation is due to all shareholders of the Company for the confidence placed in the ability of our Company to perform even under difficult conditions. As we are aware today, the Company is in a strong position to take on the fierce competition in the world of telecommunication and we shall focus intently to meet such competition with new products and services to become the most admired national IT provider.



Rohan Fernando
Chairman SLT Group

9 March 2021

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

SLT Group plays a vital role in enabling the Government's vision of a "Digitally Inclusive and Prosperous Sri Lanka", which is citizen-centric, promoting IT entrepreneurship and establishing Sri Lanka as a global innovation hub.



GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

Today, communication networks underpin every facet of society. The way people live and work is rapidly transforming with the rising smartphone penetration, ubiquitous superfast internet access, new technologies and the increasingly converged solutions. The breadth and depth of customers' access to content which was inconceivable even a decade ago has brought about a revolution in the way people share, learn and access education, healthcare and financial services. Even as digitalisation is a key operational theme for the telecoms industry to simplify and automate operational processes and proactively offer personalised solutions to customers, SLT Group is in a unique position to enhance customers' experience, generate incremental revenue opportunities, and reduce costs by using advanced digital technologies.

The demand for converged bundles, which are a combination of mobile, voice, broadband and TV services, has been increasing. To provide the benefit of simplicity of one provider with multiple services, and deliver a better value to the customer, SLT Group embarked on creating group synergy by presenting a single front to the customer through the brand unification of SLT and Mobitel. The rationalising of operations and sharing of services results in increased customer loyalty, improved customer retention and operational efficiencies for the SLT Group. Leveraging the synergies between its subsidiaries by revamping the marketing focus by building a group branding vision and mission helps to increase market revenue and realise economies of scale for the Group.

The remit of regulators is extensive, including service provider and spectrum licensing, tariff and economic regulations, wholesale connectivity service provisioning, retaining healthy industry competitions, servicing underserved communities, cybersecurity and data protection. SLT Group has established constructive relationship with the Regulator (TRC) in order to advance the industry, moving away from the

traditional top down approach. Creating healthy working relationships with major Telcos have facilitated the industry as a whole to meet the national and customer requirements effectively, elevating customer experience to a new height.

With a dedicated team of nearly 10,000 employees including over 600 qualified engineers, SLT Group has an unrivalled technical competency and an unmatched competitive advantage. Harnessing the skills and technical competencies of the staff have significantly reduced the cost of implementing and servicing internal digital network platforms, which has positively impacted the Group's bottom line. SLT Group plays a vital role in enabling the Government's vision of a "Digitally Inclusive and Prosperous Sri Lanka", which is citizen-centric, promoting IT entrepreneurship and establishing Sri Lanka as a global innovation hub. Realising this vision requires transformation of all essential services, which irrevocably require communication to ensure the smooth functionality of operations.

SLT Group has established service coverage across the dimensions of land, sea, and air. The Group serves an important function with the underground fibre optic network running 60,000 kilometres with the capacity to connect one million premises and provide coverage to essential services, and enterprises across the Nation. Through the industry vertical applications such as hospitality, education, healthcare, and agriculture, SLT Group offers network infrastructure connectivity with the hosting environment developed through Tier III Data Centres and Cloud. SLT Group has already connected government establishments into a single unified network through the fibre optic cable network, under the LGN project. Establishing its excellence beyond the Sri Lanka, SLT Group is positioned as a key global player through the SEA-ME-WE international submarine cable consortium, which connects Sri Lanka to the world.

SLT Group's leading scale enables to sustain its investments in superior gigabit infrastructure, deliver an excellent customer experience, which both benefits society and drives revenue growth of the Group. Together with the substantial opportunities in the local and global arena to improve all aspects of the business model through digitalisation and leveraging synergies between its subsidiary companies, SLT Group is geared to enable Sri Lanka to realise the benefits of digitalised Nation.



Lalith Seneviratne
Group Chief Executive Officer

9 March 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

The demands and challenges of 2020 were successfully met because SLT was strategy-driven. It also gave us time to reflect on the innovations needed to steer SLT forward.



CHIEF EXECUTIVE OFFICER'S REVIEW

The pandemic altered livelihoods, the world of work, and relationships throughout 2020. However, digital connectivity made transitioning to the new normal a possibility and so the demands SLT met throughout the year were numerous. While we already had the necessary digital infrastructure in place, the opportunities and challenges that the year presented, gave us time to reflect on the innovations needed to steer SLT forward.

During the pandemic, SLT provided innovative communications solutions for hospitals, emergency services, national operation centres and other front-line services providers. Cutting-edge AI-based analytics, AI-assisted diagnosis solutions, video collaborative solutions, and mobile health services contributed towards the containment, identification and testing requirements of the healthcare sector. Given that the pandemic also critically affected SMEs, SLT gave many concessions and relief packages to customers who have been with the Company for decades. Moreover, online education revolutionised the concept of schooling for children across the island. For some, education became a very distant reality as well. Identifying the needs of the hour, SLT came up with innovative solutions for diverse customer requirements.

All these efforts are in line with the Government's vision for a digitalised nation. We have continued to be a pioneering entity with a solid aim of transforming our Nation through cutting-edge technology inspired solutions to enhance the quality of life of people by creating a culture of Technological Innovation. By developing the vertical applications for industries through the network infrastructure connectivity and the hosting environment developed through Data Centre and Cloud, we are well positioned to offer a plethora of services that facilitate the growth trajectory of Sri Lanka, embracing a digital lifestyle. The SLT Group has also taken on the mammoth task of furnishing rural areas with superior connectivity solutions to make digital inclusion a reality.

Sri Lanka is a small nation and the scale of its network is insignificant when compared to India, Indonesia, and Bangladesh. The scale of the network and economies of scale in these countries are high, so we must invest more per unit (byte) compared to other markets. Investing large amounts and offering lower broadband tariffs continues to be a challenge. We need to maintain a steady cash flow, nurture our staff, and conduct CSR activities while providing competitive prices for our growing customer base.

The demands and challenges of 2020 were successfully met because SLT was strategy-driven. We continued to work towards providing premium fibre broadband technology to 2 million homes by 2023. With our mobile arm Mobitel, we are developing 4G and 5G networks to offer fixed wireless broadband services and mobile broadband services and industry vertical solutions to all customer segments. Our objective is to provide superior services for B2B, B2C, and B2G, which includes all consumers, businesses and Government institutions. We also continue to stay connected to the rest of the world through our submarine, undersea cable systems which are high speed fibre optic cables which connects Far East Asia, South Asia, Western Europe, and the Middle East. We have also invested in Atlantic crossing and Pacific crossing. SLT has established Points of Presence (PoPs) in countries such as Singapore, the Middle East, Hong Kong, Europe and North America. Moreover, we are planning to expand our reach by widening our scope to emerging markets such as Vietnam, Myanmar, Laos, and Indonesia as well. These efforts are guided by the five pillars of digital transformation spearheaded by SLT – the digital vision for Sri Lanka, digital government, digital economy, digital infrastructure, and digital inclusivity to create the Smart Sri Lanka of the future.

We have our sights set on both local and global markets. Nearly two thirds of the world's population are part of the APAC (Asia Pacific) and we feel connectivity needs to be improved to a greater extent. There are a lot of opportunities in global connectivity, solution business, data hosting, Cloud and digital areas we hope to explore further during the upcoming year.

As we step into a brand new year, we remain faithful to our commitment to innovate and nurture the talent within the Company. Throughout a challenging year, we cared for our employees whose dedication and commitment enabled SLT to function smoothly. None of our 10,000 employees were affected – we didn't downsize or give pay cuts. Rather we boosted their confidence by investing in their growth within the Company and attracting young and new talent.

Therefore, I would first like to thank our dedicated staff and trade unions who with the support of the Board of Directors helped SLT grow during a very challenging year. It is their commitment and spirit of innovation that made the year remarkable for all of us at SLT. I also wish to thank our numerous stakeholders – especially those who continued to support and partner with us. Fortified by these solid relationships, I would like to affirm that SLT is well equipped to fast track Sri Lanka's transformation into a digital nation.



K A Kiththi Perera
Chief Executive Officer

9 March 2021

CHIEF OPERATING OFFICER'S MESSAGE



In a year where life changed in unprecedented ways, with many people turning to digital solutions for work, schooling, shopping, and entertainment for most of 2020, SLT rose to the challenge by focusing on operational excellence along with cost reduction.



CHIEF OPERATING OFFICER'S MESSAGE

As unprecedented as 2020 was, following the World Health Organization (WHO) declaration in February that the novel coronavirus was in fact a global pandemic, at SLT our ability to meet customer needs in difficult times was aided by our focus on three main pillars that supported operational excellence - field operations and access network operational excellence, supply chain management and sales support and facility management.

As SLT continued to work towards its digital transformation from a communication service provider to a digital services provider, SLT worked towards operational excellence through workforce management. This encompassed maintaining a multiskilled workforce, developing skills and competencies through training and development and improving productivity. These efforts were marshalled under the banners of the Company's Employee Empowerment Programme, which seeks to gear employees to face challenges with confidence as they develop their careers with us. Introducing employee friendly platforms and simplification of processes helped to boost the morale of our hard-working and dedicated people.

Further initiatives launched to develop field operations and network operations include our efforts to facilitate working from home (WFH), working from pods close to home and the home to field concept for field staff on an automated WFH platform. Process automation was given significance throughout the year to enhance convenience for employees as part of SLT's efforts to develop "smart employees". Staff roster planning system was improved to ensure smooth functioning of our operations.

Even when faced with a pandemic, SLT continued to offer uninterrupted services to our customers and maintained the inclusion of concessionary education packages and meet the diverse requirements of customers. Whilst identifying the needs of local businesses and communities, SLT also moved forward to introduce an array of digital channels that would cater to customer services.

Despite pandemic related social restrictions, employees willingly offered to serve customers and work in the field, in full adherence of hygiene protocols. Their productivity demonstrated the success which was witnessed, enabling to provide uninterrupted services to the country as well as for all critical national services in 2020. All this was accomplished whilst maintaining their safety and without anyone having been infected with COVID-19. The Company also moved with agility to ensure the safe and efficient recruitment of talent in order to meet the needs of the business. A recruitment policy, was developed, successfully recruited skilled employees and facilitated apprentice training during the year under review.

To ensure efficient supply chain management (SCM), SLT focused on the smooth distribution of material, on-time availability and direct delivery of materials to field operations vehicles. Efficient stock control; just-in-time material management; lead-time controls and online inventory management contributed towards cost reduction and the elimination of operational disruptions due to stock-out situations. Waste-to-cash concept with KPIs was launched to achieve cost reduction across the Company.

A quality management forum was introduced to formulate a quality policy, establish quality objectives, sound processes, and promote risk based thinking, standardisation and quality assurance. To enhance employee workmanship a tool day was established promoting effective use and maintenance of tools.

We also liaised with local suppliers during the year and engaged in repairing and reusing material. Many repair centres were established across Sri Lanka for this purpose. The pandemic provided local manufactures with the opportunity to develop their products and develop capabilities to compete in local and even foreign markets going forward.

COVID-19 has challenged our *status quo*. We are transforming our legacy systems and legacy architecture to improve the customer experience. SLT-MOBITEL opened several flagship stores (Teleshops), offering customers the opportunity to experience and purchase 360° telecommunication solutions. SLT will also be focusing on converting customer contacts into sales opportunities and introducing customer-friendly platforms. The Company will allow employees to use their own devices in order to be available 24/7 to attend to customer requirements.

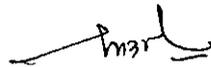
Thanks to an integrated approach, product development at SLT now takes just three days. System efficiency and process efficiency have improved as has system security, with the introduction of a security operations centre to ensure our stakeholders are secure when using online systems.

CHIEF OPERATING OFFICER'S MESSAGE

SLT continued the acceleration of the FTTH programme with an investment of LKR 2 Bn. and the laying of a FTTH core network island-wide. Through the former we were able to develop our circle network, ISP, IP and core network elements. Low latency is vital for gaming which has been recognised by the Sports Ministry of Sri Lanka and included in the Asian Games and the Olympics. Up to now nearly 60,000 km of FTTH core network was laid out. 2021 will see another 15,000 km of the optical fibre added to the core network to reach 75,000 km by the end of that year. In addition, a 100,000 km of drop wire cables will also be laid out with a further 750,000 home ports set up during the next two years.

To ensure that we continue to provide an exceptional customer experience, SLT improved the contact centre, initiated a customer touchpoint improvement plan, leveraged Group synergy to deliver comprehensive solutions and automated digital applications. We also provided instant services in an automated environment and entrusted the relevant staff with repairing faults accurately the very first time.

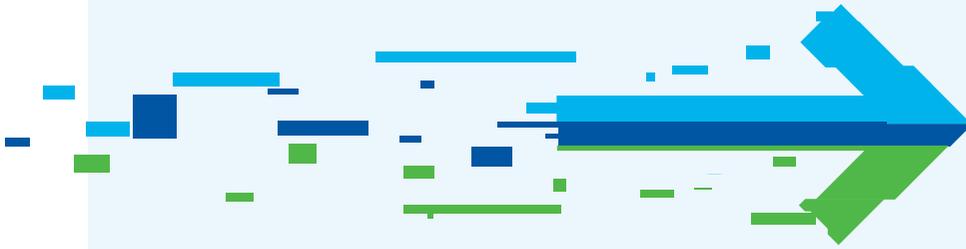
As the National ICT and Telecommunications Service Provider, SLT remains committed to leading Sri Lanka towards a knowledge-based society by empowering every Sri Lankan with high connectivity solutions and transforming business with digitalisation.



M B P Fernandez
Chief Operating Officer

9 March 2021

ACCELERATING DIGITAL TRANSFORMATION



- 26 [OPERATING ENVIRONMENT](#)
- 30 [STAKEHOLDER ENGAGEMENT AND MATERIALITY](#)
- 35 [STRATEGIC DIRECTION](#)
- 38 [VALUE CREATION MODEL](#)

OPERATING ENVIRONMENT

Lifestyles, economies, and trade are being transformed through innovative technologies of the Fourth Industrial Revolution such as digital economies, industry automations, Artificial Intelligence (AI), Machine Learning (ML) and consumer smart adoptions. Economies are increasingly digitising and industries are becoming more automated globally. Hyperautomation; an IT mega-trend, is the idea that anything within an organisation that can be automated – such as legacy business processes – should be automated. The pandemic has accelerated adoption of the concept, which is also known as “digital process automation” and “intelligent process automation”, while, AI and ML have gained momentum in 2020. AI and ML technologies were increasingly used, from advanced quantum computing systems and leading-edge medical diagnostic systems to consumer electronics and “smart” personal assistants, as well as cybersecurity systems for both corporate systems and home security. The use of disruptive technologies across the globe was fuelled by the emergence of the pandemic as consumers, governments and businesses adjusted to the new normal. A range of industrial IoT solutions, robots, and AI sensors are being adopted by manufacturing companies to automate and monitor production. Many of these depend on low-latency connectivity for precision thresholds and real-time analytics, which will likely require edge-computing infrastructure. Globally, smart manufacturing IoT connections is expected to grow fourfold between 2019 and 2025 to over 1.3 billion connections.

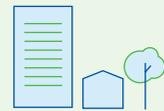
The impact of the COVID-19 pandemic has been two-sided for telecoms operators. On the upside, is the positive mindshare gained with customers, by providing critical connectivity to households and businesses throughout

the crisis. These telecoms have withstood the sharp increase in demand driven by home working, schooling and entertainment and proactively provided customer relief packages, and worked closely with governments and regulators, to support vulnerable customers and healthcare providers where needed. As identified by the EY Top 10 Risks for Telecommunications 2020 Report, the number one risk for telecommunications is the failure to ensure infrastructure resilience and reach. This is followed by risks such as the inability to scale internal digitisation initiatives, failure to redesign workforce purpose and inclusion and failure to improve capex efficiency and network returns.

The International Telecommunication Union (ITU) estimates that there were over four billion Internet users at the end of 2019, of which over three billion users are in developing countries. However, globally, three billion citizens remain unconnected. Globally, about 72% of households in urban areas had access to the Internet at home in 2019, almost twice as much as in rural areas (nearly 38%). The urban-rural gap was small in developed countries, but in developing countries urban access to the Internet was 2.3 times higher than rural access.

At the end of 2019, just over half of the world population was using the Internet, but this proportion increases to over 69% among youth (aged 15-24 years). This also means that 369 million young people and 3.7 billion people in total were not connected to Internet. In developed countries, virtually all young persons were using the Internet. In Least Developed Countries (LDCs), the overall share of people using the Internet is half of the corresponding share for young people, which itself is only 38% of all youth. Asia and the Pacific is the region with the highest youth/overall ratio, implying the potential for older age groups to catch up with younger ones in this region in their Internet use. In 2019, it is estimated that globally 55% of the male population was using the Internet, compared with 48% of the female population.

Percentage of households with access to the Internet, by urban/rural area, 2019



	Total	Urban	Rural
World	57.4	72.0	37.7
Developed	85.2	86.7	81.5
Developing	47.8	65.1	28.8
Least Developed Countries (LDCs)	16.3	26.3	11.8
Landlocked Developing Countries (LLDCs)	26.6	48.7	16.3

Source: The International Telecommunication Union

OPERATING ENVIRONMENT

Percentage of individuals using the Internet, by age, 2019



	Youth (15-24 years)	Total
World	69.4	51.4
Developed	97.6	86.7
Developing	65.6	44.4
Least Developed Countries (LDCs)	38.3	19.5
Landlocked Developing Countries (LLDCs)	40.0	27.4
Small Island Developing States (SIDS)	67.5	52.4

Source: The International Telecommunication Union

Percentage of individuals using the Internet, by sex, 2019



	Total	Female	Male
World	51.4	48.3	55.2
Developed	86.7	85.6	87.8
Developing	44.4	40.4	48.9
Least Developed Countries (LDCs)	19.5	14.7	27.6
Landlocked Developing Countries (LLDCs)	27.4	21.3	33.5
Small Island Developing States (SIDS)	52.4	53.1	51.7

Source: The International Telecommunication Union

The 4G network coverage increased twofold globally, between 2015 and 2020. With the gradual slowdown in the annual growth since 2017, the 2020 coverage was only 1.3% higher than 2019. Out of the world population, 93% had access to a mobile-broadband network, which was less than half a percentage point higher than a year ago. Almost 85% of the population is expected to be covered by a 4G network by end 2020.

Over 90% of the population has access to a mobile-broadband network (3G or above), in most regions. About a quarter of the population in LDCs and LLDCs, and about 15% of the Small Island Developing States (SIDSs) population do

not have access to a mobile-broadband network. This falls short of the UN Sustainable Development Goals Target 9.c, to significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020.

In eight economies out of the 73 for which data are available, less than half the population owns a mobile phone, whilst in 44 economies, more than four-fifths of the population owns a mobile phone. In particular, in several Arab countries, virtually everyone possesses one.

The number of active mobile-broadband subscriptions in 2020 stood at 75 per 100 inhabitants, which was only 1.1% higher than in 2019. There was a slowdown in fixed-broadband subscriptions as well to 2.7% in 2020. The largest gaps between the regions was for fixed-broadband subscriptions. The total number of mobile-cellular telephone subscriptions declined for the first time in history in 2020.

There were an estimated 105 mobile-cellular subscriptions per 100 inhabitants in mid-2020, down from 108 in 2019. The decline was driven by developing countries, where the number of subscriptions reduced from 103 in 2019 to 99 for the same period. In developed countries, the trend was still upwards.

International bandwidth usage growth accelerated in 2020, as networks around the world were tested during the COVID-19 pandemic. The increased Internet traffic first caused a temporary drop in speed in many countries, but international bandwidth usage is estimated to have grown by 38% globally, exceeding the growth rate of the previous year by 6 percentage points. Asia and the Pacific had the highest international bandwidth use (over 300 Terabit per second), followed by Europe (over 150 Tbit/s) and the Americas (over 140 Tbit/s). Growth of international bandwidth usage in developing countries surpassed growth in developed countries whilst the highest growth among special regions was observed in the Landlocked Developing Countries (LLDCs).

A research on Internet performance following the COVID-19 pandemic in Afghanistan, Nepal, and Sri Lanka, cites that users have become dissatisfied during the pandemic with the speed, reliability, and steadiness of their Internet connection, and also with the service

OPERATING ENVIRONMENT

provider’s customer service and the expected performance of the Internet in relation to the price paid. In Sri Lanka, the number of respondents spending over USD15 per month has more than doubled (from 16% to 37%) as customer spending on internet has increased during the pandemic.

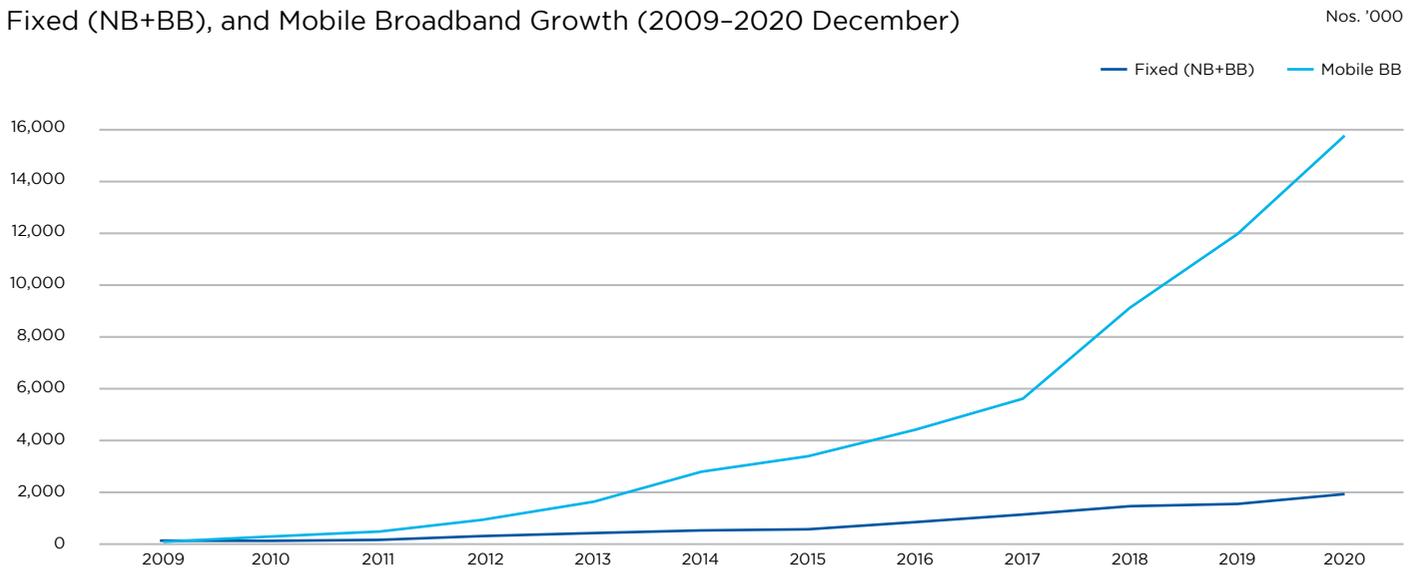
According to data from the Telecommunications Regulatory Commission as at end December 2020, in 2009 fixed broadband and narrow band subscriptions totalled to 0.25 million. By end December 2019 fixed broadband subscriptions increased to 1.65 million and continued to grow to 1.96 million by end December 2020. Mobile broadband subscriptions were 0.09 million in 2009 and grew to 11.75 million by end 2019 and continued to increase by over 3.8 million 12 months later, to 15.57 million by end December 2020, demonstrating the broadband growth momentum.

Sri Lanka experienced capital outflows, exchange rate depreciation, and increased pressure on government finances, which led to the economy shrinking by 16.3% in Q2, its largest drop in history. Although there was a stronger than anticipated recovery of 1.5% growth in Q3, following the unprecedented fiscal stimulus and monetary easing initiatives by the Government and the Central Bank of Sri Lanka (CBSL), respectively, together with larger than expected remittances from migrant workers and lower global oil prices, and all sectors experiencing a rebound. However, a resurgent wave of COVID-19 infections dampened momentum in Q4. The Department of Census and Statistics projects economic growth in Q4 to be 1.3%, and overall, to have contracted by 3.6% in 2020. The CBSL anticipates a strong growth of 6% in 2021.

The already stressed external sector exerted pressure on the rupee in the aftermath of the pandemic in March. Even though import restrictions softened the steep depreciation of the currency, the rupee came under severe pressure in March/April, which rebounded and depreciated again with the credit downgrades. As per the Central Bank, the rupee depreciated by 2.6% YoY.

As people increasingly adjust to digitalised ways of working and living, it is imperative that government and Internet service providers accelerate efforts to increase network capacity and reliability, and address urgent access gaps. Short-term actions such as subsidising Internet charges, waiving late fees, maintaining services for those behind on bills and increasing data allowances can ease users’ ability to connect.

Fixed (NB+BB), and Mobile Broadband Growth (2009–2020 December)



Source: Telecommunications Regulatory Commission

OPERATING ENVIRONMENT

Convergence is the main trend for future network development globally, where consumers and businesses benefit from an integrated and unified service-provisioning platform providing integrated audio, video, and data services over multiple access networks. Meanwhile IoT adoption is being driven by emerging applications and business models, coupled with falling device costs, and, consequently, the number of connected devices – connected cars, machines, meters, wearables, and consumer electronics. According to Ericsson, the 400 million IoT devices with cellular connections in 2016 are projected to reach 1.5 billion in 2022. This robust growth is expected to be driven by increased industry focus on deploying a connected ecosystem and the standardisation of 3GPP cellular IoT technologies. While existing 4G and 3G, Wi-Fi, and wireless mesh networks are already being utilised in these smart devices globally, the advent of 5G will significantly enhance the use of modern technologies and countries are have already commenced experimenting with 5G networks. It is expected that 5G technologies would contribute USD 2.2 Tn. to the global economy between 2024 and 2034. Crucial sectors such as manufacturing/utilities (particularly in China) and professional/financial services (especially in MENA and North America) is expected to benefit the most from the new technology.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholders

The individuals and organisations that are impacted by SLT’s activities, products, and services or which can have an impact on how SLT implements its strategies and achieves its objectives constitute our stakeholders.

SLT’s key stakeholders include its shareholders, customers, business partners, employees, Government authorities, industry regulators, media and advocacy groups, and the communities and environment the Company operates in. SLT strives to understand its stakeholders better through various means of engagement and accordingly optimises its strategies, products, and services to deliver mutually beneficial outcomes for all parties.

Identification and engagement

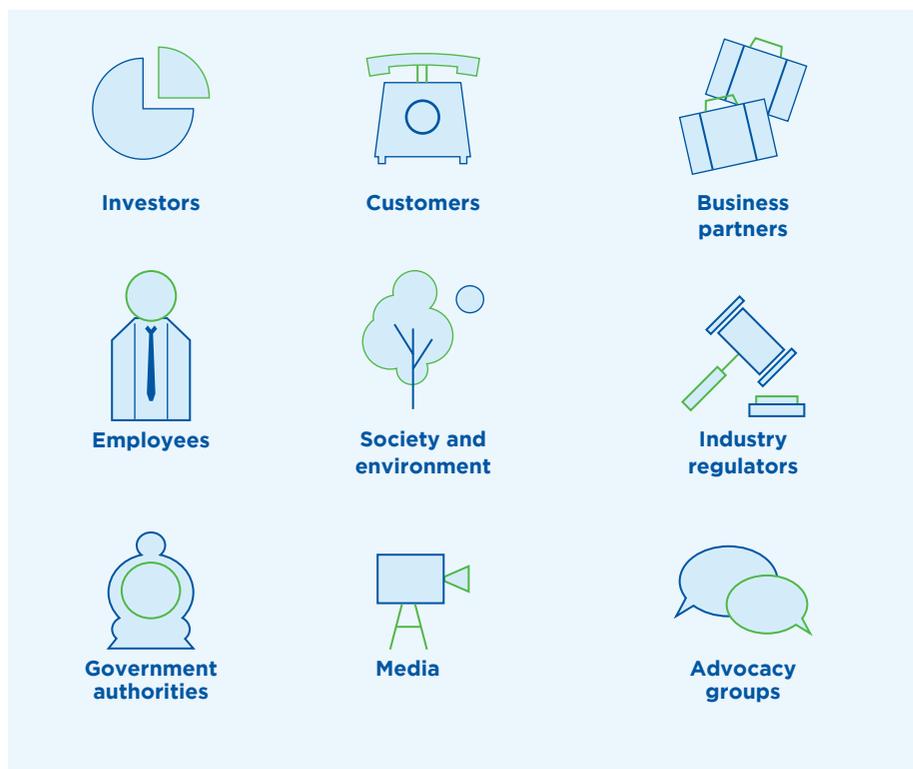
The operations of the SLT Group impact the lives of all Sri Lankans. The varying interests and priorities amongst various stakeholder groups can sometimes conflict with each other; therefore, the identification and prioritisation of SLT’s stakeholders is essential to understanding and meeting short-term needs and long-term expectations. A balance has sometimes to be struck when addressing the two.

SLT approaches stakeholder mapping systematically, after analysing the operating environment, identifying opportunities and threats as well as the ideal strategies for leveraging opportunities and mitigating threats within the environment. This shapes the

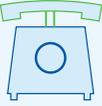
engagement processes that SLT pursues with its stakeholders and has led to the establishment of various engagement platforms. The specific channels of engagement are decided on after a careful analysis of what is likely to be most effective for each stakeholder.

Through these platforms, SLT seeks to understand the views of its stakeholders and communicate with them, addressing any concerns that they may have.

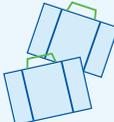
Our primary stakeholders



STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder	Material issues	Engagement	Frequency of engagement	Key initiatives for the year
Investors 	Dividend Share price Innovation Industry growth	Quarterly results	Quarterly	AGM and rating reviews to rating agencies
		Annual report	Annually	
		Annual General Meetings	Annually	
		CSE disclosures	Need-based	
		Media releases	Regular basis	
		Rating reviews	Annually	
Customers 	Improve customer relationship and retention Impact of pandemic on demand volume and patterns	One-to-one interactions	Regular basis	IVR Self-care portal, SLT Broadband portal and SLT Broadband app Digital marketing campaigns
		Contact centre	Regular basis	
		IVR Self-care Portal	Regular basis	
		SLT Broadband Portal	Regular basis	
		SLT Broadband App	Regular basis	
		Engage and interact through the website and social media	Regular basis	
		Mailers	Monthly basis through the bill	
		Newsletters	Need-based	
		Brochures	Need-based	
		Customer satisfaction survey	Quarterly and need-based	
	Improve SME customer relationship and retention Impact of pandemic on demand volume and patterns	Proposals by regional sales staff	Regular basis	
		SME customer forums	Quarterly/ Regular basis	
		Customer visits and meetings	Regular basis	
		Product awareness programmes	Monthly	
		ICT workshops for SME	Quarterly	
		Business owners and IT managers	Quarterly	
		Market surveys	Regularly	
		Newsletters	Regularly	
		IVR Self-care Portal	Regularly	
		SLT Broadband Portal	Regularly	
	SLT Broadband App	Regularly		
	Improve enterprise customer relationship and retention	Proposals by sales staff	Regular basis	
		Enterprise customer forums	Annually	
		Customer visits and meetings	Regular basis	
		Newsletters	Need-based	

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder	Material issues	Engagement	Frequency of engagement	Key initiatives for the year			
Business partners 	Better return, innovation and industry growth	Partner meetings	Need-based	Virtual meetings e-tenders e-auctions			
		Projects and events	Need-based				
		Post evaluation reviews	Projects-based				
	Dealers looking for strengthening brand presence and improving sales Impact of pandemic	Dealer meetings	Monthly				
		Dealer satisfaction surveys	Quarterly				
		Dealer review	Biannually				
		Dealer awareness sessions	Monthly				
		Dealer reward programmes	Annually				
		Procurement policy and vendor selection process	Need-based				
		Vendor satisfaction surveys	Annually				
Suppliers looking for better return, innovation and industry growth	Vendor review and awareness sessions	Annually					
	Vendor reward programmes	Annually					
	Quality improvements	Regular basis					
Employees 	Employee welfare, satisfaction, retention, training and development	Employee satisfaction survey	Quarterly	Virtual staff meetings Virtual training programmes Whatsapp groups Viber groups Info emails Intranet updates			
		Group meetings and one-to-one meetings	Regular basis				
		Information sharing through intranet, social networks	Throughout the year				
		Employee affinity	Need-based				
		Grievance handling	Need-based				
		Transfer handling	Annually				
		E-mails	Regular basis				
		Notice boards	Regular basis				
		Cultural and religious associations	Annually				
		Award ceremonies	Annually				
		Involvement in community projects	Need-based				
		Government and regulatory authorities 	Investment and infrastructure development, better return, innovation and industry growth, compliances and digital services for Smart Sri Lanka services		Meetings with Treasury, TRCSL, BOI, Customs and other regulatory bodies	Need-based	Monthly meetings with the regulator forums
					Annual report and quarterly reports	Annually and quarterly	
Strategy and operational presentations	Need-based						
Media releases	Regular basis						
Community (society and the environment at large) 	Community investment and infrastructure development	Community projects	Regular basis	Community-centered CSR projects PPE donations COVID-19 awareness digital campaigns			
		Media releases	Regular basis				
		Website	Regular basis				
		Social media	Regular basis				
		Events and activations	Need-based				

STAKEHOLDER ENGAGEMENT AND MATERIALITY

External initiatives

SLT is a member of several associations. Members of SLT’s staff actively participate in the activities of these associations.

National

- National Broadband Committee
- National Chamber of Commerce
- Ceylon Chamber of Commerce
- Sri Lanka Association for quality and productivity
- Next Generation Network Committee
- Government initiative of free Wi-Fi programme
- Online secondary school education (SchoolNet) programme
- Online university education programme (LEARN) programme
- eGovernment programme
- Sri Lanka Internet Society

International

- SEA-ME-WE connectivity consortium
- IPv6 Execution Committee
- Global Internet Exchange Network
- International PoP Community
- Commonwealth Telecommunications Organisation (CTO)
- International Telecommunication Union (ITU)
- Fibre-to-the-Home Community
- Carrier Ethernet Forum
- Carrier Grade Wi-Fi Forum
- International Internet Society

Materiality

SLT’s business model focuses on aspects that are material to the telecom business (SLT Group) and its stakeholders. “Materiality” is judged by the relevance and significance of an aspect. This is determined by a compounding of probability of occurrence of an

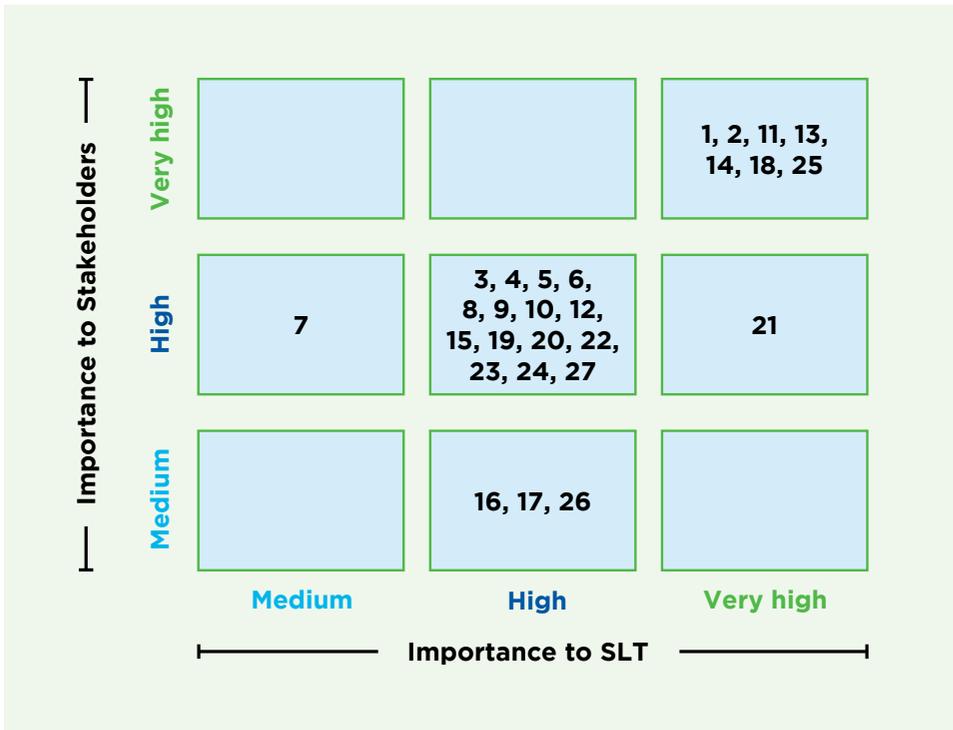
aspect and the magnitude of its impact. The results are shown in a two-dimensional materiality matrix.

The identification of these aspects is facilitated through effective engagement with SLT’s stakeholders. These aspects are listed below along with their importance to the business and its stakeholders.

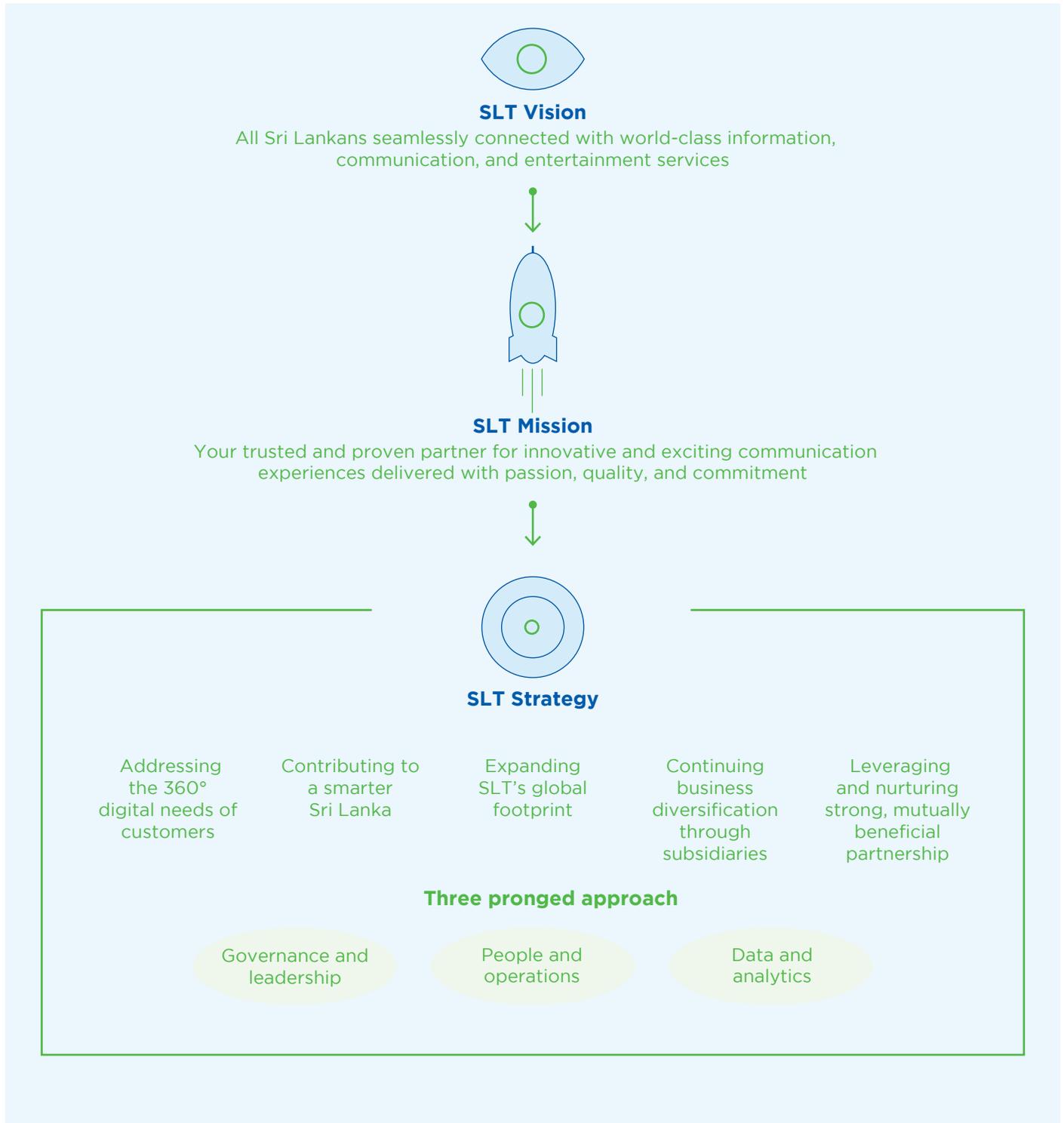
No.	Topic	Importance to SLT	Importance to Stakeholder
1	Economic performance	Very high	Very high
2	Indirect economic impacts	Very high	Very high
3	Procurement practices	High	High
4	Anti-corruption	High	High
5	Anti-competitive behaviour	High	High
6	Energy	High	High
7	Biodiversity	Medium	High
8	Emissions	High	High
9	Effluents and waste	High	High
10	Environmental compliance	High	High
11	Employment	Very high	Very high
12	Occupational health and safety	High	High
13	Training and education	Very high	Very high
14	Diversity and equal opportunity	Very high	Very high
15	Freedom of association and collective bargaining	High	High
16	Local communities	High	Medium
17	Marketing and labelling	High	Medium
18	Customer privacy	Very high	Very high
19	Socioeconomic compliance	High	High
20	Impact of “new normal” after serious phase of pandemic is over	High	High
21	Impact of pandemic on customer purchasing power	Very high	High
22	Impact of pandemic, including distanced working, on communication patterns and frequency	High	High
23	Impact of widespread availability and adoption of vaccine	High	High
24	Impact of pandemic on business partners	High	High
25	Impact of pandemic on staff morale and productivity	Very high	Very high
26	Special health and safety precautions due to pandemic	High	Medium
27	Impact of pandemic on training and education	High	High

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Materiality matrix



STRATEGIC DIRECTION



STRATEGIC DIRECTION

As the National ICT and Telecommunications Service Provider, SLT remains committed to supporting the Government's vision of creating a Digital Sri Lanka, leading Sri Lanka towards a knowledge-based society by empowering every Sri Lankan with supreme connectivity solutions, and transforming business with digitalisation. In order to become Sri Lanka's most preferred digital lifestyle solutions provider, SLT is on a transformational journey to become a digital service provider (DSP) from a communication service provider. Through this transformation, SLT is laying the foundation for a new digital era in Sri Lanka – providing superior, world-class digital services to the public, radically transforming people's lifestyles for the better and building a digital future for everyone.

A sustainable strategy

SLT aims to build a digital society that enhances an inclusive socio-economic progress. This strategic vision is aligned with the Government's vision of taking Sri Lanka into the global arena in tandem with international digital advancements. This includes five-pronged strategy:

- Addressing the 360° digital needs of customers
- Contributing to a smarter Sri Lanka
- Expanding SLT's global footprint
- Continuing business diversification through subsidiaries
- Leveraging and nurturing strong, mutually beneficial partnerships

Encompass both business-to-customer and business-to-business routes, SLT's journey embraces diverse stakeholder groups including B2C which includes individuals in urban and rural areas, B2B including organisations, communities, and industries and B2G including health, educational and agricultural sectors. This journey is steered by a three-pronged rudder comprising governance & leadership, People & operations, and data & analytics.

Being a digital lifeline

SLT aims to empower Sri Lankans by providing superior, world-class digital services to the public, radically transforming people's lifestyles for the better, through digitalisation and the new brand change towards becoming a converged and synergised service provider fulfilling all needs of the customer. The Company made tremendous progress in addressing the digital needs of customers, especially following the COVID-19 pandemic. The resilience and performance of SLT's network and infrastructure have been fundamental to supporting critical public services, breaking down the barriers of isolation for families and keeping citizens online. Through rapid, comprehensive and coordinated response, SLT became the digital lifeline enabling essential services providers to function. The range of innovative communications solutions, using cutting edge AI-based analytics, AI-assisted diagnosis solutions, video collaborative solutions, and mobile health services facilitated containment, identification and testing requirements of the healthcare sector.

The Company maintained the inclusion of concessionary education packages to students and Work-from-Home arrangements whilst launching a special project to empower SMEs through advanced technology and communication. Whilst developing platforms for education and WFH, an array of digital channels that cater to customer services, SmartHome solutions and a trading platform for agriculture products was launched identifying the diverse customer needs. A research and development centre was initiated to fast-track innovations and sustain a consistent streak of success in the market.

Towards an inclusive digital society

SLT spearheads the implementation of the five pillars of digital transformation to realise the Government's vision of digitising Sri Lanka. Its ambition is to be the national digital partner of the Government by establishing smarter B2G services including health sector and educational services. By providing superior connectivity solutions to majority rural areas in Sri Lanka, SLT continued to make connectivity accessible and affordable to all Sri Lankans. This helped to empower people from all socio-economic strata with the right knowledge to evolve towards a knowledge society and realise the vision of building a citizen centred digital government and digital economy.

Under the National Fibre programme, which is the premium connectivity solution for Sri Lanka, SLT steadily progressed towards its ambitious plan of developing two million Fibre-To-The-Home (FTTH) ports by 2022. The Company successfully laid out nearly 60,000 km of optical fibre across the entire island, and connected 160,000 FTTH ports during the year to extend the fibre access. With the implementation of FTTH network, and the core transmission network, SLT routes data to its destination within milliseconds providing ultra-fast broadband network with the lowest latency. The FTTH 1 Gbps ultra speed network has elevated customer experience to greater heights. This fibre network serves as the backbone for fixed broadband and mobile services, including 5G. SLT's National Tier III Data Centre, located in Pitipana is envisaged in line with the Governments plan for National Cloud and Data Centre infrastructure to accelerate the digital transformation.

SLT also launched Sri Lanka's first ultra-speed National wide Dense Wavelength Division Multiplexing

STRATEGIC DIRECTION

(DWDM) fibre optic backbone transmission network (NBN). This facilitates access to sophisticated ICT solutions, helping to convert households into SMART hubs, through higher bandwidth and seamless high-speed connectivity. SLT is the only ICT solutions provider with multiple global connectivity options. In tandem with the development of national backbone, SLT increased the capacity of global connectivity to facilitate the expected exponential traffic growth and provide a high speed-connectivity experience. The Company provides telecom networks and ICT services to other communications operators, internet service providers, and public sector institutions to enhance their services through the connectivity options. The LGN has already demonstrated the efficiency gains of digital government, enabling citizens to reap the benefits of this infrastructure through the digitisation of several government services.

Elevating the global position

SLT looks beyond the borders of Sri Lanka to sustain the long-term growth and boost the return on investment. To position itself in the global market as a true global carrier, SLT launched Xyntac, to cater to the evolving global market requirements through voice, data and cloud based services along with innovative digital services. Ranked among global ISP giants, Xyntac provides highly scalable transport speeds up to multiples of 100 Gbps, through the networks spanning across continents. The network is exclusive, secure, and provides unmatched reliability. During the year, Xyntac expanded its footprint into the west-coast of USA, providing internet-centric businesses and organisations direct access to high-performance IP solutions needed for content, online video, hosting, gaming and other bandwidth-intensive applications.

The investment in the new SEA-ME-WE 6 cable, has elevated Sri Lanka's global connectivity capacity to the next level

and made SLT ready to provide voice and data services along with innovative digital services to cater the evolving global market requirements. Having established business hubs in established global markets, SLT will enter emerging markets to help them to realise growth in the long-term.

Diversified growth through new technologies

To support the Company's digital transformation and support Government's national digital vision for Sri Lanka, SLT adopted to new ways of working, developed digital talent and skills, and set up an agile operating model focused on digital marketing and sales, modern technology architecture, automation and artificial intelligence ('AI') in customer operations and shared services.

The Company's Big Data Strategy is geared to create further value through an Application Protocol Interface (API) strategy and partner ecosystem that will help to create new business models and opportunities. Utilising these technologies, organisations are able to boost the quality and reliability of their products and services whilst lowering operational costs. These technologies can transform internal processes such as report automation, data services configuration automation, customer registration in Customer Relationship Management (CRM) applications, and more. Even as Financial Technology (FinTech) companies play a key role in Sri Lanka's digital transformation, SLT use technologies such as blockchain to facilitate reliable financial transactions.

Partnering for success

Over the years, SLT has facilitated national economic growth and development by launching countless initiatives and partnerships to support

individuals, organisations, professional bodies, schools, and hospitals. The sustainable ecosystem of partnerships built by SLT with local and international business entities and service providers enable the Company to develop industry vertical applications, offering network infrastructure connectivity with the hosting environment.

Despite the unforeseen challenges in 2020, SLT remained resilient and committed to providing unparalleled connectivity solutions to enhance the lives of Sri Lankans. The Company led responsibly, contributing towards the Government's vision of a digitally inclusive Sri Lanka connecting government establishments into a single unified network under the LGN project and created government service layers to develop and expand citizen services. By partnering global players such as Microsoft, Oracle, Citrix, and VMware, SLT brings cloud services to Sri Lanka through its data centres and fibre connectivity.

SLT Group continue to be key enablers contributing to a digitally inclusive Sri Lanka providing ICT infrastructure and system integrator solutions, IPTV services and content creation facilities, tertiary educational services, healthcare channelling platform, digital marketing solutions, human resources solutions, directory services, property management and submarine cable maintenance. Xyntac and the Galle Submarine Cable Depot expanded SLT's presence in the global arena, generating increased foreign exchange revenue. SLT Campus has raised Sri Lanka's academic profile globally and continued to earn foreign revenue by attracting foreign students, by running a technology enabled active learning platform even though the lockdown period. Partnering leading Sri Lankan firms, SLT empowered the SME sector which is considered as one of the most strategic sectors in the economy of the country, with advanced technology and communication solutions.

VALUE CREATION MODEL

INPUTS



Financial Capital

Solid asset base and revenues

- Assets
- Subscribers revenues
- Service revenues



Institutional Capital

Strong brand, corporate values, infrastructure and competencies of employees

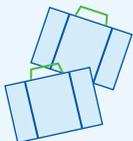
- Corporate values
- Brand equity
- Culture of innovation and operational excellence
- Organisational knowledge
- Customer touchpoints including teleshops
- Innovation platforms
- Fibre infrastructure
- Submarine cable connectivity
- Ethics and compliance



Customer Capital

Domestic, government and enterprise customers

- 10 million customers
- One-stop-shop customer solutions
- Customer loyalty services
- Digital portals for customer care



Business Partner Capital

Local and international business entities and service providers

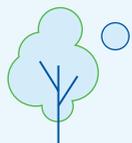
- Strategic alliances
- Joint ventures



Employee Capital

A dedicated, engaged, and a high-performing workforce

- 8,179 employees
- 2,019 new recruits
- 66,649 training hours
- 944 promotions



Community and Environmental Capital

Relationships with communities and environmental sustainability

- 360 degree CSR activities
- Invested in Green Premiere League project
- Employee volunteerism
- Carbon footprint certification
- GHG emission reporting standards

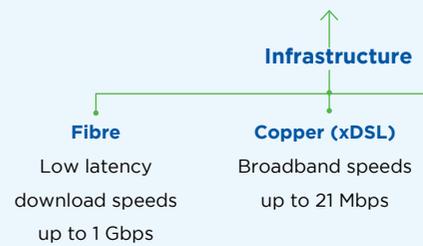
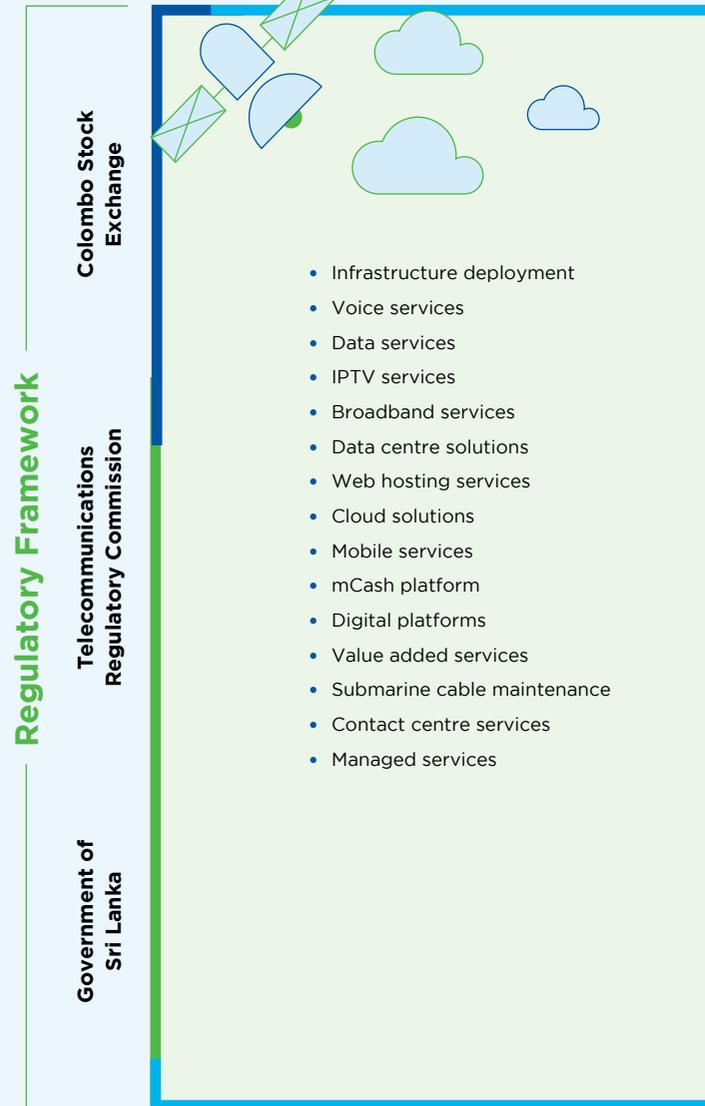


Investor Capital

Government and other shareholders

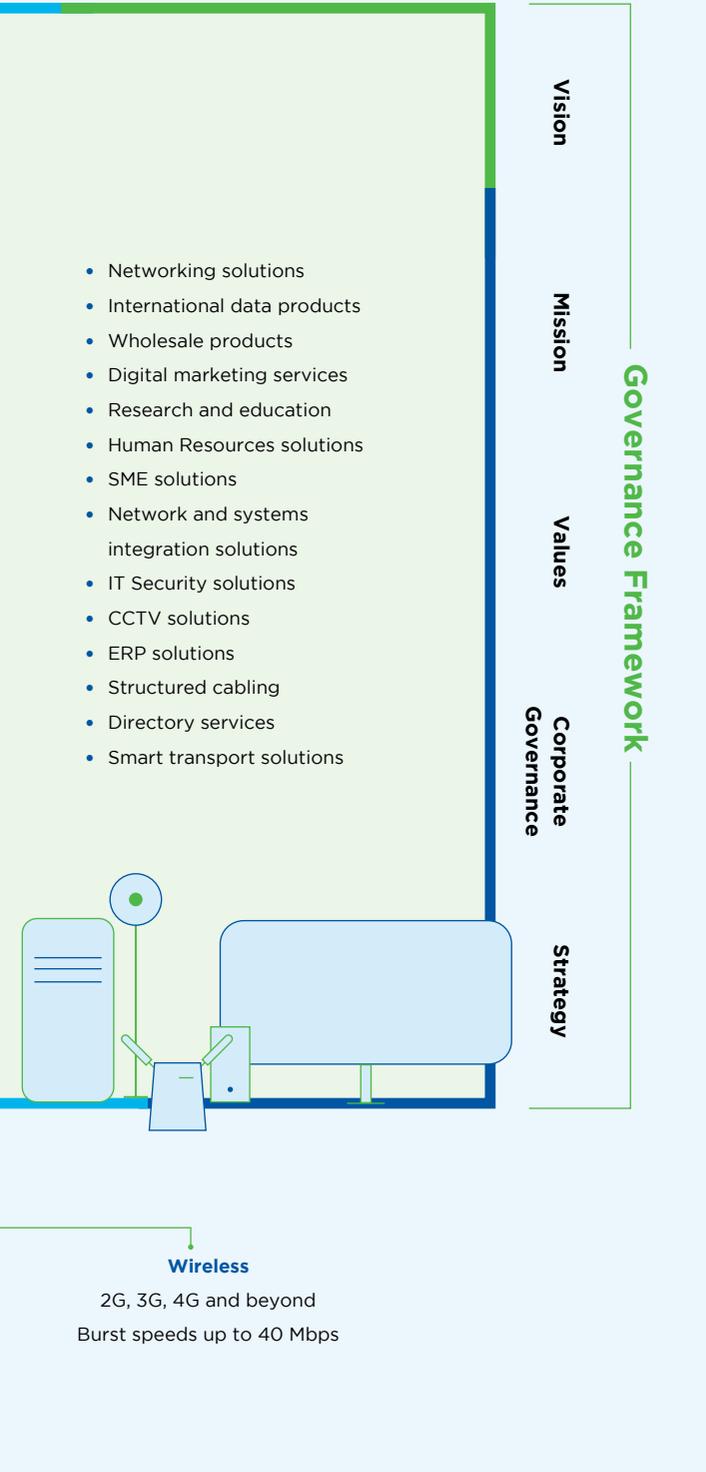
- Equity
- Reserves

ACTIVITIES



Submarine Cables

Bharath Lanka



OUTPUTS

- Voice and data services via Fibre, ADSL, 3G,4G and 5G technologies
- PEO TV IPTV services
- 60,000 km of Fibre-optic Infrastructure
- e-Channelling healthcare platform
- Data centre services
- Akaza Cloud platform
- SLT eSports platform
- Value added services
- BPO services
- HR services
- SLTC higher education and research papers
- Rainbow pages directory
- SLT digital services
- Growth, profits, taxes
- Corporate social responsibility activities
- Strategic alliances, collaborations, and joint ventures
- Digital forums
- Global IP network, PoP Service
- Voice, data and connectivity and innovative digital services for global market
- Gaming platforms
- SLT storage
- SLT smart home facility

OUTCOMES

- High quality voice, data, and IPTV services for customers
- Dividends, interest, and capital gains for investors
- Remuneration benefits and training for employees
- Sophisticated communications infrastructure for the Nation
- Reliable global connectivity for the country and region
- Reliable, world-class services for business and enterprise customers
- Submarine cable maintenance and warehousing facilities for cable operators
- Tax revenue and levies for Government
- Job creating and economic development of the country
- Elevated presence in global telecommunications industry
- Increased dollar inflows to the country
- Sri Lankan contributions to global research, CSR healthcare channelling

THE TRANSFORMATIVE DIGITAL INNOVATOR

As Sri Lanka accelerates its digital journey amidst a challenging environment brought about by the COVID-19 pandemic, Sri Lanka Telecom (SLT) is an indispensable stakeholder of this transformation mapping out, designing and constructing the digital highway for the nation. The strategic evolution of SLT from a communication service provider to a digital service provider, is aimed at facilitating this national transition by bringing the global telecommunications revolution to the doorstep of every household.

Digital inclusion empowering all the sectors →

Brand unification

Paving the way to a new age in telecommunications in Sri Lanka, Sri Lanka Telecom (SLT) and Mobitel, have joined forces, placing the SLT Group in an unparalleled position of both market and technology dominance with a capacity and capability range that is unmatched and backed by a futuristic vision. For over 163 years SLT has provided connectivity, operating on fixed, mobile and other operational segments, while Mobitel has set the benchmark for mobile services in Sri Lanka. The SLT and Mobitel unified brand name “SLT-MOBITEL” is recognisable to the consumers and portrays the unified relationship. The unification of these two technology giants creates the diversified and specialised technology foundation to realise the Government’s objective of a technology-driven economy and a technology-based society. SLT Group’s association with the state sector will further advance the national e-Government plans towards rapid digitalisation of state services and by

extension the national economy, driving digital lifestyles across the island.

New product innovation

The SLT Group has spearheaded innovations through strategic and farsighted investments into crucial digital infrastructure running into billions of rupees, and introducing innovative propositions to enable the public of Sri Lanka, from all walks of life and from all parts of the country, to connect, communicate, share, be entertained and do business more effectively. New digital products, services and propositions, from smart housing, to smart health care, to smart travel, industry specific applications, economic platforms such as digital economic centres, village digitisations and digitisation of public services, have dramatically transformed the lives of hundreds of thousands of citizens and entrepreneurs. Cognisant of the vital role of innovation in the 21st century’s rapidly evolving information communications industry, innovation in all areas of product and service delivery is deemed a key strategic priority going forward and the innovation capacity of the Company has been further enhanced by the establishment of a dedicated Research and Development Department.

Research and development

Sowing the seeds of innovation among the next generation is essential for Sri Lanka’s country specific and yet globally compatible adaptation of new technologies that are sweeping the world, and SLT’s R&D initiatives have been conceptualised with a futuristic outlook to catapult Sri Lanka into the digital age with maximum youth participation. The SLT Campus, which is the first research-based fully residential university in Sri Lanka excels in research

with over 20 high impact publications to its credit and maintains over 20 research partnerships, collaborating with top ranked universities and institutions in the world. This voyage of knowledge will channel the creation of a knowledge economy in Sri Lanka and has already added to national depositories of technical and specialised skill bases that will also directly and indirectly feed into the national digitisation drive through the availability of skilled personnel.

Meanwhile, the Research and Development Centre, which was established in 2020 will fast-track innovative products into the market. In addition, SLT partnered with the University of Moratuwa, to carry out collaborative research in the areas of electrical engineering, electronics, and telecommunications, with SLT providing support through material, financial, human resources, and testing, is expected to result in major scientific, technological, and economic contributors for the country as a whole. SLT’s Internet of Things (IoT) Design Innovation Laboratory, dedicated towards research and development around IoT, at the university’s premises will be central to the realisation of a Smart Sri Lanka, by providing the ideal environment for IoT concepts to be experimented and tested by students, prior to being implemented in practical situations.

Customised solutions

The emergence of many modern entrepreneurial ventures and individuals and households also increasingly adopting modern digital conveniences has made it essential to create customised and personalised products and services that meet specific and complex transactional as well as social and lifestyle needs. In this regard, SLT Group has excelled in the creation of innovative applications that cater to different socio-economic segments from all parts of the island by understanding

THE TRANSFORMATIVE DIGITAL INNOVATOR

not only immediate needs of customers and potential customers but by also responding towards unvoiced and unexpressed aspirations, and desires. From directly supporting the lifestyle changes of individuals and households through a range of entertainment, communications and educational requirements, SLT Group is simultaneously meeting entrepreneurial needs for data speed and security, and data storage capacity, coupled with global interconnectivity at the fastest speeds.

The deep understanding of specialised entrepreneurial requirements has been the change agent in supporting the growth and advancement of Sri Lanka's SME sector in particular, by designing affordable and yet cutting-edge technology solutions for business needs, that are second to none. Last but not least, strategic partnerships with state institutions that are involved in the provision of essential services and are vital for economic activities, has facilitated ease of doing business and enabled changes to economic transactions across the country among both households and enterprises. SLT Group's ability to tailor products to public needs was amply demonstrated in containing and controlling the COVID-19 pandemic in Sri Lanka. The unified strengths of the SLT-MOBITEL brand were crucial in ensuring continuous connectivity at both local and global levels, for the provision of essential services to the public of Sri Lanka and in developing solutions to facilitate testing and containment activities, as well as ensuring dissemination of information during this unprecedented crisis.

Quality of service

It has been a matter of pride for the SLT Group to continually enhance the quality of its offerings for the people of Sri Lanka, and thus, increasingly stringent quality control systems have been operationalised to ensure consistently high standards of quality with regards to all products and services.

This commitment towards delivering the best to customers is demonstrated by SLT being the first ICT organisation in Sri Lanka to receive the ISO 9001:2015 Quality Management System (QMS) certification issued by the Sri Lanka Standards Institution (SLSI) for all SLT Business Units.

Always striving to improve, the product and services of SLT Group will come under even greater oversight following the implementation of a Quality Strategy Framework, which was formulated during the year under review. The comprehensive framework, which encompasses quality standards, material standardisation, workmanship rules and guidelines, research and development, data analysis for quality improvements, platform performance, IT systems and communications, ensures holistic controls and continuous monitoring of all systems and process towards the final objective of unmatched customer service standards. Reinforcing this corporate vision across the hierarchy, a quality management forum was convened with top officials of the Organisation to enhance the standard of service quality, material quality, process quality and network and system quality to ensure an exceptional customer experience at every contact point.

Right to access to information →

Network availability

Access to information is a central democratic right of all citizens but many, particularly from the rural parts and pockets of underserved communities, often face insurmountable difficulties in access essential information for social, health and economic welfare of their families. SLT Group has been a key contributor towards realising this essential democratic dimension for the Sri Lankan public by ensuring network availability for the transmission of information. Deploying nearly 60,000 km of optical fibre across the entire island, penetrating deep into the rural

hinterlands, SLT's fibre technology, has enabled fast and secure access to information from all quarters both locally and globally, to hundreds of thousands of households across the island. Over 300 nodes have been connected countrywide, connecting data traffic from various points in the island, making it possible to route data to destinations within milliseconds. The ultra-high-speed capacity and cutting-edge routers, takes access to information to a level never before experienced by the people of Sri Lanka, enabling not only direct voice communications to any part of the country and the world but also facilitating entertainment and educational opportunities through access to global resources. During the COVID-19 related restrictions, SLT successfully connected a large number of Government organisations, demonstrating the versatility and resilience of its network.

Affordability

As a developing country, affordability is vital to facilitate rapid digitisation of the country, by making it possible for all demographics, including the bottom of the pyramid, to access digital applications. Therefore, SLT Group's ultimate objective is to enable a digital future which is accessible to all by providing the latest technological innovations at highly affordable prices. Innovative and cost effective technologies are sourced and developed, and introduced to the public, to maximise cost efficiencies and affordability to the user. With the objective of building an inclusive digital society, SLT Group provides the full range of ICT solutions in customised formats, to suit all income brackets, making it possible for all social classes in the country and the next generation of Sri Lankans, to experience and benefit from the digital age. Through the synergies generated by the unification, SLT and MOBITEL will be in a position to offer even greater value additions at the most cost effective terms, by expanding its 4G, 5G and wireless broadband offering under a unified brand umbrella.

THE TRANSFORMATIVE DIGITAL INNOVATOR

Develop common platforms to communicate to each other

Common communications platforms are a key aspect of global connectivity and affordable ICTs, and are fast gaining popularity globally by enabling people from all parts of the world to connect, interact and work together. SLT Group offers network infrastructure connectivity with the hosting environment developed through data centres and cloud that are essential to enable shared and common communications and work is already underway to consolidate 4G and 5G networks under one network for fixed wireless broadband services and mobile broadband services that will enhance connectivity at a scale never before experienced in Sri Lanka. In addition, as an indispensable component of social and economic connectivity, through the LGN project, SLT has connected Government establishments into a single unified network, enhancing communications between state institutions.

Improve ICT literacy

SLT Group is committed towards uplifting the standards of ICT education in the nation which is vital to achieve the vision of a knowledge economy and makes many contributions towards this end, including through CSR projects. ICT infrastructure projects in schools across the island, such as smart classroom solutions in remote schools, have empowered the next generations of students with access to modern technology and global education. In addition, SLT donates computers to underprivileged schools, provides broadband connections with 12 months of free rental, and conducts ICT awareness lectures as part of its drive to uplift ICT education. SLT also conducted several ICT awareness sessions for teachers of rural schools and has developed platforms to facilitate online education, which was invaluable

in educating children during COVID-19 pandemic. By providing access to reading materials through e-learning and m-learning platforms, SLT has empowered thousands of students, graduates and other knowledge seekers in Sri Lanka.

In taking Sri Lanka towards tech-driven economy, SLT conducts several IT skills development programmes to equip future generations with ICT literacy. These programmes include “CoderDojo”, hackbit programmes, and the IOT and Robotic programme.

Bringing the right technology at the right time →

Pioneering technology implementation

Since the industrial revolution swept the world, the ICT revolution is one of the fastest evolving and most impactful changes in the world, with almost inconceivable innovations emerging over the last few decades, propelling human development towards a new age. Modern telecoms are adopting the latest technologies such as AI, ML, IoTs, 5G networks and virtual reality applications both internally and towards catering to the requirements of different consumer segments. Keeping abreast of this super-speed technology is as challenging as it is necessary, if Sri Lanka is to be an active and productive participant of the digital revolution.

SLT Group has been the change agent driving this change from the bottom up, backed by a futuristic vision that foresaw digital infrastructure spanning the island for a new digitally empowered Sri Lanka. The SLT and MOBILTEL network has been instrumental in placing Sri Lanka on a higher pedestal amongst other countries in South Asia, with investments into the latest technologies in 4G LTE and 5G and has also successfully trialled the first 5G network, achieving a new speed

record of 1.55 Gbps for the first time in South Asia using a commercial 5G mobile smartphone. Mobitel was also the first to launch a Super 3.5G HSPA network in South Asia, successfully demonstrating HSPA+ MIMO (Multiple Input Multiple Output) technology and launched the first commercial 4.5G/4G LTE+ mobile network. When faced with the COVID-19 pandemic, SLT's many concessionary education packages to students, work-from-home facilities and specialised solutions for local businesses and communities made it possible for the country to continue functioning on digital platforms. Already an array of digital channels have been introduced that cater to customer services, SmartHome solutions and a trading platform for agriculture products. With the brand unification, SLT and MOBILTEL is now poised to up the game in terms of innovative and user friendly technology solutions that will drive recovery of the economy in the post-COVID era. These include a pre-commercial 5G service using 3.5 GHz, by mid-2021, while the research and development centre is aimed at fast-tracking many more innovations.

Bridging Social Barriers (bridge the digital divide)

SLT Group's inclusive vision is driven by a strategy of rural penetration that has deployed fibre optic connectivity deep into the regions making great strides in bridging the digital divide by taking modern ICTs closer to remote households. Access to technology will continue to create new economic opportunities, while facilitating educational opportunities and also enabling quality of life improvements for rural families. Already SLT and MOBILTEL have taken the lead to provide connectivity solutions to many isolated villages, schools and other public institutions, encouraging rural entrepreneurs to access markets and information and making it possible for children in under served communities to access educational services.

THE TRANSFORMATIVE DIGITAL INNOVATOR

Investment

The SLT Group has invested billions of rupees towards its strategic vision of a digital Sri Lanka in a highly sophisticated international and local network infrastructure and many other support systems. During the current year, SLT continued the acceleration of the Fibre to the premises programme with continued investments for the laying of Fibre core network island wide. More major investments in the horizon includes US \$ 60 Mn. in the proposed South East Asia-Middle East-Western Europe 6 (SEA-ME-WE 6) submarine cable system, which is scheduled to be completed by the year 2024. The SLT Group also provided extensive support in controlling the COVID-19 pandemic having invested in excess of LKR 350 Mn. in activities towards promoting social distancing, facilitate essential services, supporting the Government in its endeavours, and connecting the nation.

Economic contribution →

Creating employment opportunity

With its unified assets and markets, SLT Group is a significant economic entity with both direct and indirect contributions that support the growth and modernisation of the national economy. A key economic contribution is in form of employment generation with the SLT Group providing direct employment to over 10,000 persons within its wider business operations, while supporting many thousands of employments indirectly, through its wide range of products and services. The island-wide fibre network has boosted productivity and unlocked job opportunities across numerous sectors and socio-economic segments in Sri Lanka, making significant contributions towards the Nation's economic development. Moreover, through capacity building of an experienced IT workforce, SLT Group

contributes towards improving export growth through innovation and entrepreneurship, enhancing supply of skilled professionals to satisfy growing IT-BPM (Business Process Management) market growth and establish a strong start up ecosystem in Sri Lanka, positioning Sri Lanka IT/BPM sector globally.

Cost management

By enabling digital solutions, SLT Group has facilitated immense cost advantages and cost savings to businesses and Government intuitions islandwide. All SLT Group products and services have been developed to be affordable, while high speed connectivity and multi-tasking and automations, have triggered process changes that cut down on costs associated with time, travelling and labour.

Paying taxes

As a highly compliant and responsible corporate citizen, SLT Group is one of the largest tax payers to the national coffers, contributing unstintingly towards national welfare and infrastructure projects in addition to the many CSR projects conducted by the Company. During the current year, total tax payments came to LKR 17.06 Bn. compared to LKR 25.5 Bn. in the previous year.

Environmental protection →

Carbon neutrality

SLT Group believes that urgent and sustained action is required to address the climate emergency, and building a digitally inclusive society that enhances socio-economic progress, should not come at a cost to the environment. As a responsible corporate entity, SLT Group is also highly conscious of its environmental responsibilities and makes all attempts to safeguard the environment in its daily business activities. SLT was the

first telecommunications company in the country to have been recognised with the ISO 14064 carbon footprint certification which puts SLT in the forefront as an organisation that complies with internationally recognised greenhouse gas (GHG) emission reporting standards. Its transformation into a digital service provider and the use of its technologies and services provides customers with the means to achieve a reduction in their GHG emissions.

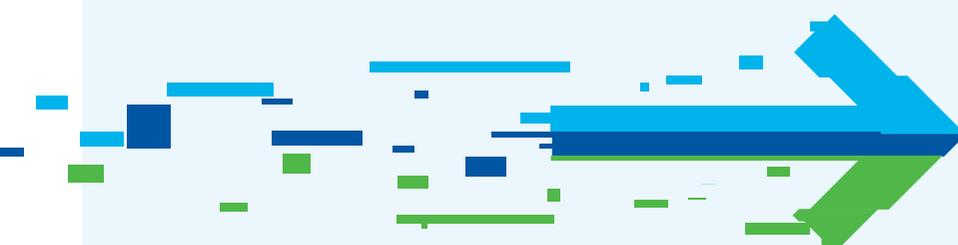
Energy management

In committing towards lowering the company's carbon footprint, SLT Group invests in the most efficient energy management systems in its operations, while also encouraging employees to adopt responsible attitudes towards energy consumption both at work and at home. The Group is committed to ensuring a sustainable future for everyone. Its focus on energy efficiency, renewable energy supply and network waste reduction has helped to mitigate the growth of its business and customers' increasing demand for connectivity solutions.

Ethical practices

As a leading corporate and the national telecommunications services provider, SLT maintains high levels of compliance with all applicable regulations while also maintaining sound business ethics in all its transactions. Strong and transparent governance systems that are continually reviewed have ensured industry best practices and responsible behaviour in all activities to serve the people of Sri Lanka as support a digitally inclusive Nation.

CREATING SHARED SUCCESS

- 
- 45 [FINANCIAL CAPITAL](#)
 - 51 [INSTITUTIONAL CAPITAL](#)
 - 57 [SOCIAL AND RELATIONSHIP CAPITAL](#)
 - [INVESTOR CAPITAL](#)
 - [CUSTOMER CAPITAL](#)
 - [BUSINESS PARTNER CAPITAL](#)
 - [SOCIAL AND ENVIRONMENTAL CAPITAL](#)
 - [REGULATORY CAPITAL](#)
 - 91 [EMPLOYEE CAPITAL](#)

FINANCIAL CAPITAL

Financial capital refers to the pool of financial resources SLT Group utilizes to acquire the assets and to fund the operations of the Group. By combining the financial capital with the other types of capital such as customer capital and employee capital, we create value for the short, medium and long-term for the Group and to all our stakeholders.

This section is an overview of our financial position and performance for the year under review, at both Group and Company levels.

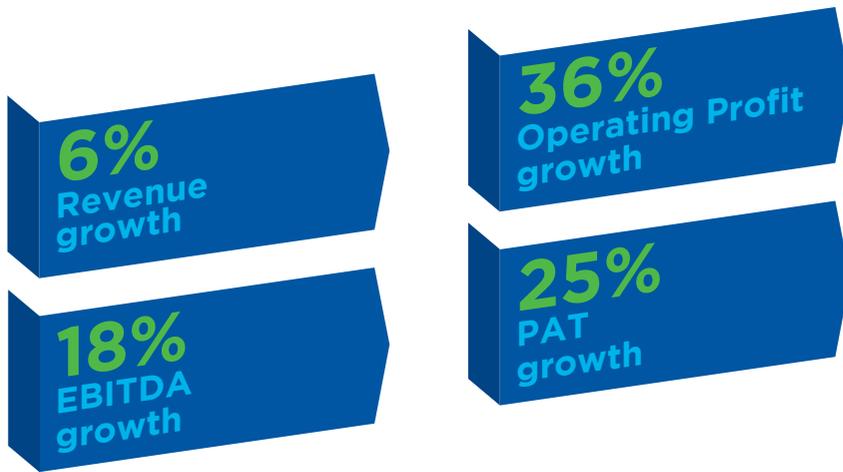
The information presented below is duly supplemented with the Financial Statements and Notes.

In this section, “the Group” refers to Sri Lanka Telecom PLC and its subsidiaries and “SLT” refers to Sri Lanka Telecom PLC.

Revenue

SLT Group recorded a steady growth of 6.0% in consolidated revenue for the financial year 2020 compared to the year before to LKR 91.1 Bn. Broadband revenue of the Group surged during the year propelled by the accelerated fibre expansion programme and growth in mobile broadband services. Revenue from PEOTV, 4G LTE and carrier domestic services too improved during the year. However, the Group experienced a de-growth in Voice revenues in both fixed and mobile voice services due to the global trend of adapting to data services over voice owing to the flexibility and lower cost in data services.

The Group experienced an increase in Broadband usage due to “Work From Home” arrangements and distance learning platforms during the year due to travel restrictions caused by the COVID-19 outbreak which contained throughout the year. However, as the national telecommunication services provider, the Group absorbed the adverse impact on revenue from providing free data offers, discounted voice offers, bundled telecom packages



Highlights 2020...

Surge in Broadband revenue of the Group propelled by the accelerated fibre expansion programme and growth in mobile broadband services

Stringent cost management measures directed at improving operational efficiency

Restricted capital investments only to critical areas due to adverse impacts caused by COVID-19 pandemic

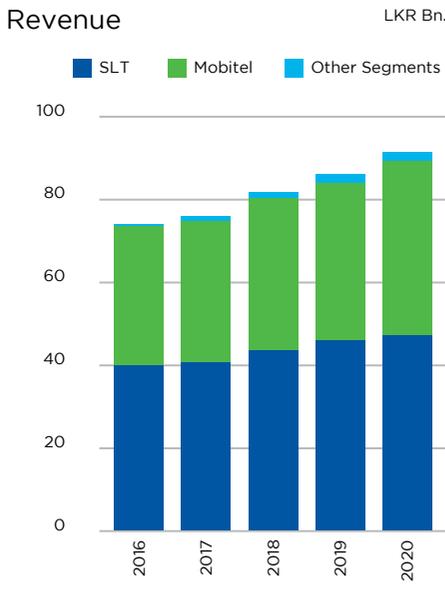
Adverse impact from depreciation of Sri Lankan Rupee, sharp depreciation in March 2020 - May 2020 due to COVID-19 pandemic

Positive impact from reduction in market interest rates during the second half of 2020

FINANCIAL CAPITAL

at concessionary rates to students, working from home users and corporate customers to assist the customers during the pandemic. Further, revenue of the Group was adversely impacted due to delays caused in capital projects owing to the unprecedented challenges posed by the pandemic.

The Group's Fixed ICT segment which is operated by Sri Lanka Telecom PLC (SLT) contributed 51.7% to the Group revenue during the year under review while Mobile ICT segment operated by Mobitel (Pvt) Ltd (Mobitel) contributed 46.0%. Mobitel recorded a notable revenue growth of 7.9% compared to the year earlier whereas SLT recorded a moderate growth of 3.1%. The Group expects the revenue to further rise with the ongoing accelerated fibre expansion programme and the growing trend of over-the-top (OTT) services and Internet of Things (IoT) which will immensely increase the data volumes.



EBITDA & Operating Profit

Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) of the Group rose to LKR 35.5 Bn. reflecting

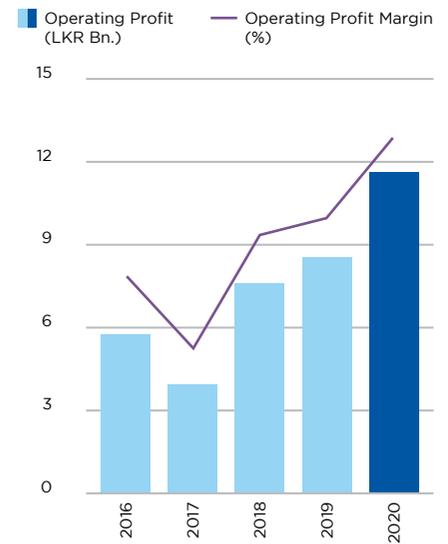
an impressive 18.2% YoY growth. Stringent cost management measures of the Group maintained the Operating Expenses excluding depreciation & amortisation with a slight reduction of 0.5% in 2020 compared to 2019 at LKR 55.7 Bn. EBITDA margin of the Group climbed to 38.9% in 2020 from 34.9% in the year before. Depreciation and amortisation for the year was LKR 23.8 Bn. which is an 11.1% increase compared to 2019. The Operating Profit grew to LKR 11.6 Bn. recording a remarkable YoY growth of 36.2%.

SLT recorded an EBITDA of LKR 18.4 Bn., up by 12.0% over the previous year. The Company managed to reduce the Operating Expenses excluding depreciation & amortisation by 1.3% YoY even though the Repair and Maintenance Costs and Provision for Bad Debts elevated during the year. EBITDA Margin of SLT went up to 35.7% from 32.9% in 2019 and the Operating Profit improved to LKR 3.5 Bn., a 4.5% YoY growth.

EBITDA of Mobitel grew to LKR 16.5 Bn., reflecting a 22.8% YoY growth, lifting the EBITDA Margin to 38.1% from 33.5% in 2019. Mobitel recorded an impressive 49.5% increase in Operating Profit to LKR 7.8 Bn. during the year under review.



Group Operating Profit & Operating Profit Margin LKR Bn./%



Profit After Tax

The Group concluded its financial year 2020 with a Profit After Tax (PAT) of LKR 7.9 Bn. demonstrating a remarkable growth of 24.7% compared to the previous year. The growth was strongly underpinned by the escalated revenue and improved operational efficiency attained through Group's cost management initiatives.

Interest and Finance Costs of the Group declined by 5.5% over the year earlier due to reduction in Borrowings position during the year and reduction of market interest rates during the second half of 2020. However, the portion of Interest Costs charged to the Profit or Loss Statement increased during the year by LKR 0.8 Bn. compared to 2019, due to the lesser interest capitalisation for the year. FOREX losses of the Group climbed to LKR 1.2 Bn. for the year, up by LKR 0.8 Bn. compared to the year before emanating from the depreciation of Sri Lankan Rupee against US Dollar which includes the spike in US Dollars

FINANCIAL CAPITAL

during March 2020 to May 2020 period caused by the COVID-19 pandemic and the hedge accounting adjustment in SLT Financial Statements due to the settlement of USD denominated borrowings during the year.

Profit Before Tax (PBT) of the Group rose to LKR 9.7 Bn. despite many challenges caused during the year, reflecting an impressive YoY growth of 18.2%.

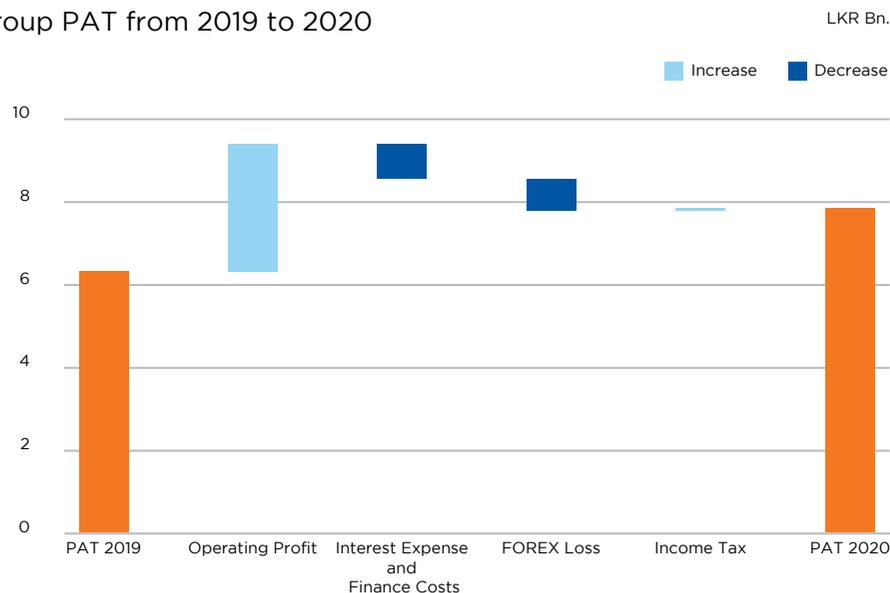
SLT recorded a moderate growth in PAT of 6.3% YoY to LKR 4.0 Bn. for the year under review. Interest Expense and Finance Costs of SLT went up by LKR 0.7 Bn. YoY to LKR 1.4 Bn. due to the lesser capitalisation of interest during the year. SLT incurred a FOREX Loss of LKR 0.7 Bn. during the year due to the hedge accounting adjustment on settlement of USD denominated borrowings and the depreciation of Sri Lankan Rupee against US Dollar during the year. The Dividend Income doubled to LKR 1.0 Bn. for the year. PBT of SLT stood at LKR 4.5 Bn., a decline by 4.5% YoY owing to the adverse impacts from Interest Expense and Finance Costs and FOREX losses.

Mobitel reported a remarkable growth in PAT of 51.4% YoY to LKR 4.9 Bn. for the year 2020. The growth was strongly underpinned by the increase in Operating Profit by 49.5% to LKR 7.8 Bn. However, Mobitel experienced an increase in FOREX losses by LKR 0.3 Bn. to LKR 0.5 Bn. and an increase in Income Tax Expenses by LKR 0.4 Bn. to LKR 1.2 Bn. for the year.

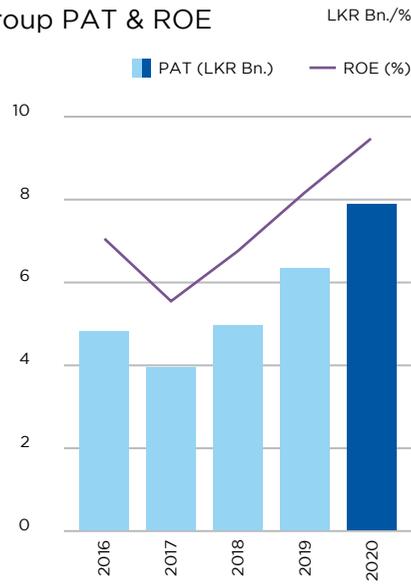
The Group paid a total amount of LKR 17.1 Bn. as direct and indirect taxes including levies to the Government of Sri Lanka during the financial year 2020.

Return on Equity (ROE) of the Group climbed to 9.4% in 2020 from 8.1% in 2019 due to the impressive growth in Group PAT by 24.7% for the year.

Group PAT from 2019 to 2020



Group PAT & ROE



Assets

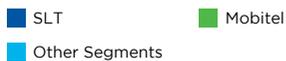
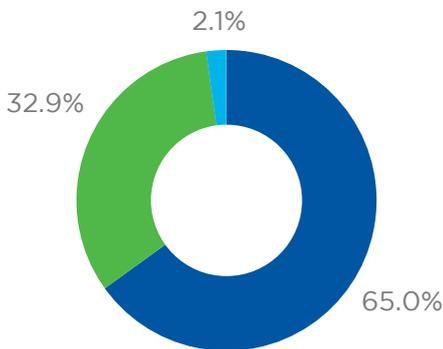
The Group's asset base comprised of 77.1% Non-Current Assets and 22.9% Current Assets as at the end of the reporting period. As the Group is in the telecommunication industry which is highly capital intensive in nature, 71.1% of the asset base as at 31 December 2020 was comprised of Property, Plant & Equipment and Intangible Assets. During the year, the Group's capital expenditure declined by 49.7% YoY to LKR 14.6 Bn. owing to the restriction of capital expenditure only for critical areas due to the many challenges posed by the COVID-19 pandemic.

During the year under review, the Group continued its strategic investments mainly directed at expansion of Fibre-to-the-Home (FTTH) network, Internet Protocol Television (IPTV) network which offers services under the brand name PEOTV, Transport Network and Mobile network under Mobitel.

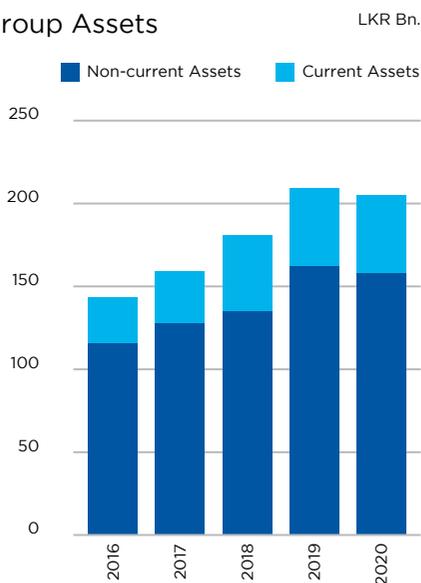
FINANCIAL CAPITAL

As at 31 December 2020, SLT accounted for 65.0% of the total asset base of the Group in comparison to 32.9% of Mobitel due to the more capital intensive nature of fixed telecommunication services than the mobile telecommunication services.

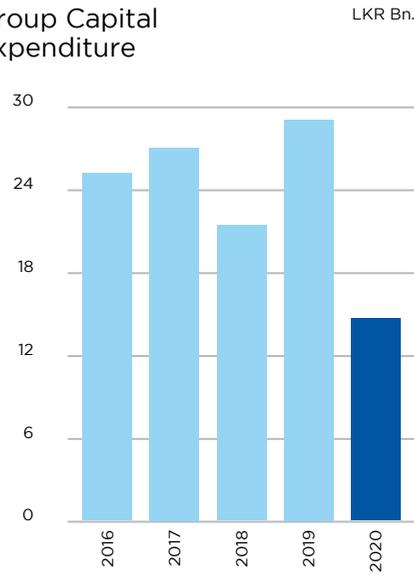
Group Assets



Group Assets



Group Capital Expenditure

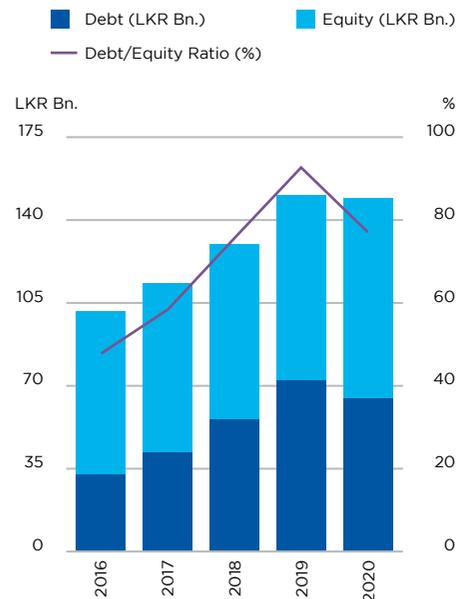


Capital Structure

The Group's total Equity amounted to LKR 84.3 Bn. as at the end of the reporting period, which reflects a 7.8% growth in compared to 31 December 2019 mainly due to the accumulated profits during the year. The Group strengthened its Financial Position during the year by reducing the Debt/Equity Ratio from 92.8% in 31 December 2019 to 77.3% in 31 December 2020 underpinned by the accumulated profits and the reduction in Borrowings during the year. The Group managed the capital expenditure without obtaining any long-term borrowings during the year and thereby reduced the Borrowings as at 31 December 2020 to LKR 55.4 Bn. from LKR 61.7 Bn. as at 31 December 2019.

Similarly, SLT improved its Debt/Equity Ratio to 77.0% in 2020 from 88.1% in 2019 and Mobitel improved its Debt/Equity Ratio to 17.3% in 2020 from 28.4% in 2019.

Capital Structure & Debt/Equity Ratio



Cash Flow

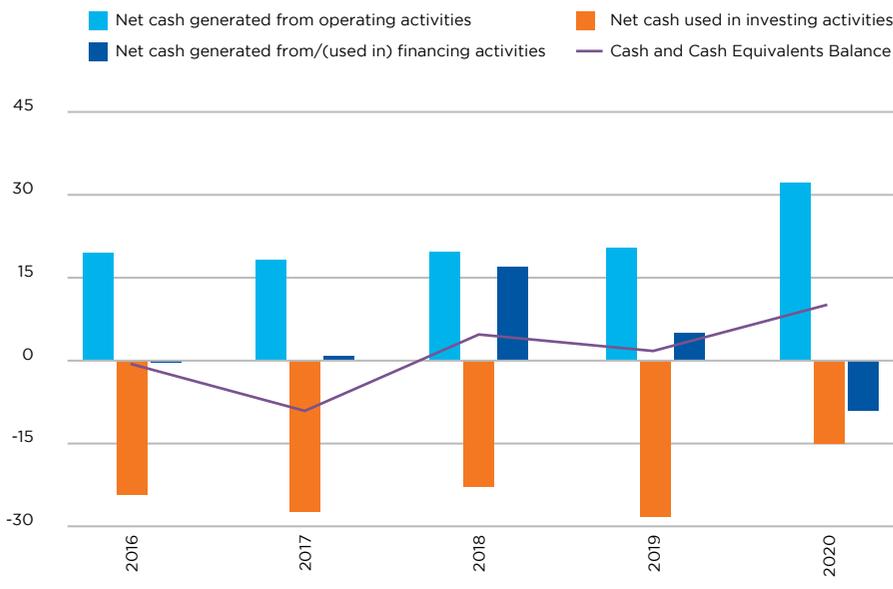
Net cash generated from operating activities of the Group went up by 58.3% YoY to LKR 32.3 Bn. due to the escalated revenue and improved collections during the year. Net cash used in investing activities declined from LKR 28.3 Bn. in 2019 to LKR 15.0 Bn. in 2020 as a result of the reduction in acquisition of Property, Plant and Equipment during the year from LKR 28.0 Bn. in 2019 to LKR 12.1 Bn. in 2020. The Group obtained LKR 17.9 Bn. short-term borrowings during the year and settled LKR 23.2 Bn. short-term and long-term borrowings. SLT managed to settle all its foreign currency denominated borrowings during the year as a strategy to mitigate foreign exchange risk arising due to currency fluctuations. Due to higher settlement of borrowings over proceeds from borrowings, net cash used in financing activities recorded an outflow of LKR 9.0 Bn. for the year. The Group concluded the financial year with a favourable Cash and Cash Equivalents balance of LKR 10.0 Bn. compared to LKR 1.7 Bn. in the year before.

FINANCIAL CAPITAL

SLT reported a net increase in Cash and Cash Equivalents of LKR 2.2 Bn. during the year under review. However, the unfavourable opening Cash and Cash Equivalents balance of LKR 2.6 Bn. resulted a LKR 0.4 Bn. unfavourable Cash and Cash Equivalents balance as at the end of the reporting period. Mobitel concluded the financial year with a favourable Cash and Cash Equivalents balance of LKR 10.6 Bn. due to the net increase in Cash and Cash Equivalents during the year and favourable opening Cash and Cash Equivalents balance of LKR 6.2 Bn. and LKR 4.5 Bn. respectively.

Group Cash Flow

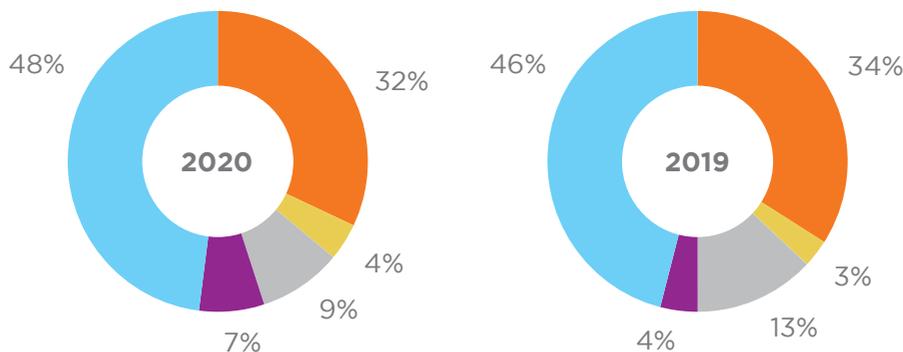
LKR Bn.



FINANCIAL CAPITAL

Value added statement

	2020		2019	
	LKR Mn.	(%)	LKR Mn.	(%)
Value added				
Revenue	91,119		85,948	
Other Income	2,186		2,187	
	93,305		88,135	
Goods and services purchased from other sources	(32,466)		(31,693)	
Value creation	60,839		56,442	
Distribution of value added				
To Employees				
- Salaries, wages, and other benefits	19,268	31.67	19,108	33.85
To providers of capital				
- Dividend to shareholders	2,689	4.42	1,913	3.39
To Government				
- Taxes and regulatory fees	5,768	9.48	7,057	12.50
To Lenders				
- Interest and related charges	4,105	6.75	2,510	4.45
To business expansion and growth				
- Depreciation	23,817	39.15	21,445	37.99
- Retained income	5,192	8.53	4,409	7.82
	60,839	100.00	56,442	100.00



■ To Employees
 ■ To providers of capital
 ■ To Government
■ To Lenders
 ■ To Business Expansion & Growth

INSTITUTIONAL CAPITAL

Institutional capital is the foundation on which SLT's business is built, which includes the culture and core values, systems, deep industry knowledge, expertise, innovations, brand strength and investments in technology. These aspects enable SLT to be the leading digital services provider in Sri Lanka.

Corporate culture

There are seven core values that lie at the heart of SLT and form the foundation of its institutional capital. They permeate the SLT Group, encompassing every aspect of the corporate culture.

SLT nurtures a culture that is open, transparent and conducive, inspiring employees to perform, innovate and create the future by working together. It is a culture of utmost professionalism and respect between individuals.

The Company also supports and fosters a culture of inclusivity with zero tolerance towards discrimination, corruption and child labour. Workmanship, efficiency, employee discipline and behaviour are key areas given high emphasis as the Company transforms into an excellent organisation through integrity-led behaviour. These aspects are inculcated into employees through training programmes. The Company hosts a variety of team building activities and refresher programmes to help enrich and uphold the unique corporate culture. New employees are inculcated into this environment through induction schemes. Through suggestion schemes, registers, and brainstorming sessions, employees are encouraged to make their own contribution to SLT's culture.

Towards a digital Sri Lanka

The Government's vision of building a "Digitally Inclusive and Prosperous Sri Lanka", is based on four core areas – setting up a citizen centric digital government, establishing a digitally inclusive Sri Lanka, promoting IT entrepreneurship and establishing Sri Lanka as a global innovation hub. The ultimate goal of digital transformation is to achieve a digital society which is citizen focused and citizen centered, providing the benefits of the information and communication technologies to every person in Sri Lanka. In this transformation, all essential services irrevocably require communication to ensure the smooth functionality of operations.

As the national Information and Communications Technology (ICT) solutions provider and the leading broadband and backbone infrastructure services provider in Sri Lanka, SLT has established service coverage across the dimensions of land, sea and air. The Company serves an important function with a fibre optic system, an underground network running 60,000 km as the island's network backbone with the capacity to connect one million premises and provide coverage to essential services, and enterprises across the Nation. By developing the industry vertical applications such as hospitality, education, healthcare and agriculture,

SLT offers network infrastructure connectivity with the hosting environment developed through data centres and cloud. In collaboration with the Company's mobile arm, Mobitel is consolidating and developing one 4G and 5G network to offer fixed wireless broadband services and mobile broadband services. Under the LGN project, SLT has already connected government establishments into a single unified network through the fibre-optic cable network.

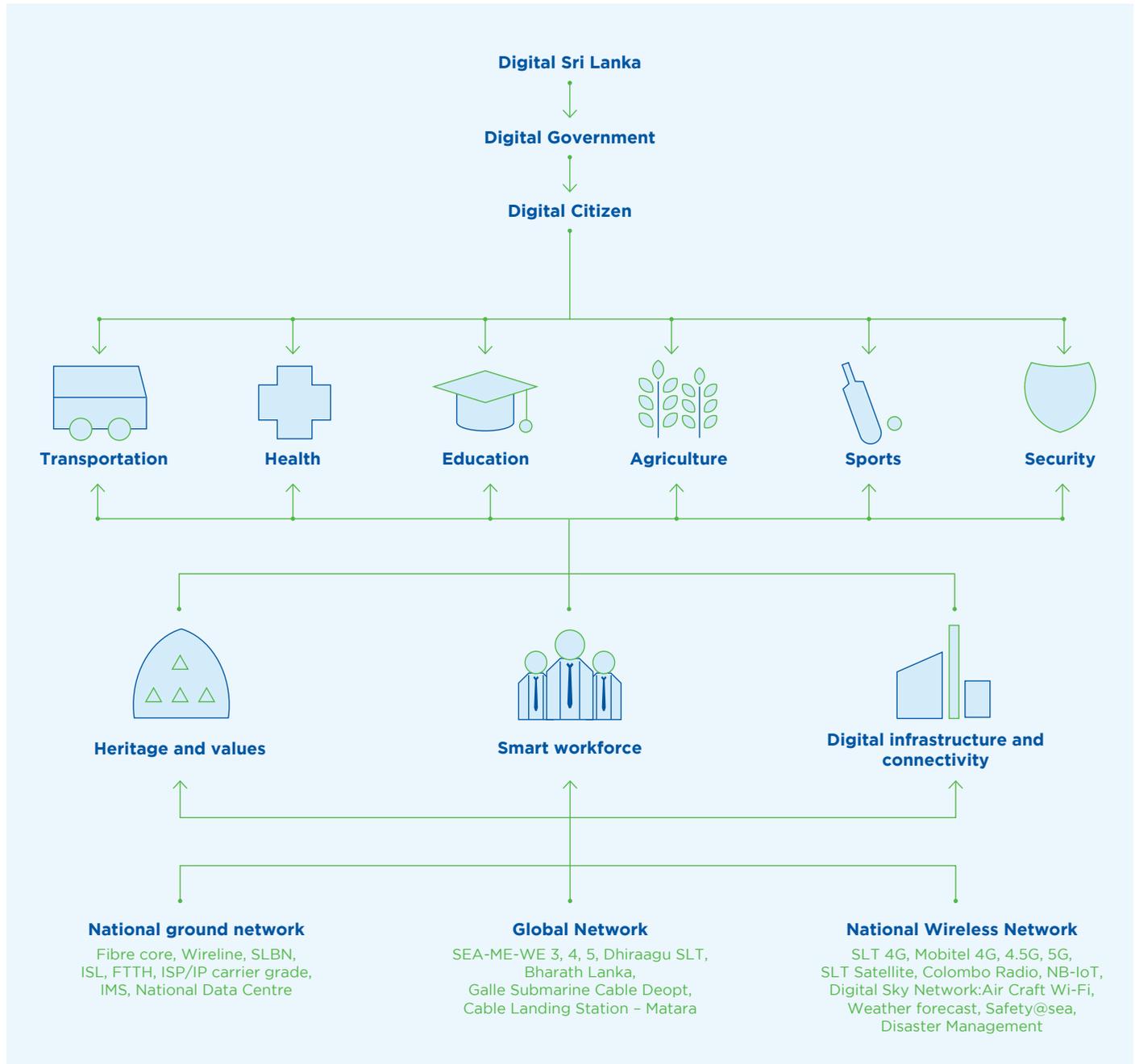
By leveraging on the network infrastructure, the Company has created government service layers to develop and expand citizen services. The fact that SLT connected a large number of government organisations during the lockdown is a strong testament of the resilience and competence of the Company even through challenging conditions.

Establishing its excellence beyond the Nation, SLT has positioned itself as a key global player by connecting Sri Lanka to the world through international submarine cable systems through SEA-ME-WE cable consortium.

Through all these initiatives, SLT is proud to lead responsibly, contributing towards the Government's vision of a digitally inclusive Sri Lanka.



INSTITUTIONAL CAPITAL



INSTITUTIONAL CAPITAL

Initiatives implemented during 2020 towards a digitally inclusive Sri Lanka

In line with SLT's vision of being the preferred digital lifestyle partner, the following innovative digital services were introduced that enhance the living standards of all Sri Lankan citizens.

Supporting digital education

Exemplifying its commitment to enhance the knowledge and education facilities for future generations of Sri Lankans, through digital education, with the increasing dependency on online teaching and learning at present, SLT launched "SLT eSiphala", the online teaching platform that would enhance the digital teaching learning experience. The advanced e-learning technologies available on SLT eSiphala, allows teachers to connect up to 20,000 students in a session as well as create virtual classrooms to organise their teaching. SLT introduced special data bundles for students across the Nation to continue their studies uninterrupted by providing special data packages for Advance Level (AL) students to access "AL Kuppiya", the e-learning platform. SLT has developed platforms to facilitate online education to support the educational landscape. By providing access to reading materials through e-learning and m-learning platforms, SLT has empowered thousands of students, graduates and other knowledge seekers in Sri Lanka. By donating IT equipment and setting up smart classroom solutions in remote schools in the island SLT makes an immense contribution to uplifting inclusive digital education in Sri Lanka.

Facilitating a digital economy by empowering SMEs

SME sector is one of the most strategic sectors in the economy. To facilitate a digital economy and to empower this sector to make a greater contribution to the local economy, SLT launched a special project to empower the SMEs through advanced technology and communication. A range of services including digital marketing solutions, software development solutions, communication solutions, network & network infrastructure solutions, entertainment & IoT solutions and data hosting & storage solutions are provided as a one-stop-shop collaborating with over 25 leading Sri Lankan firms.

Facilitating e-commerce

Supporting Government's objective of promoting the retail operations of Sri Lanka, SLT created an efficient and comprehensive online retail store for Lanka Sathosa Limited; the largest state-owned retail network. Customer experience was greatly enhanced through the technical infrastructure in the form of developing, hosting and managing the online site on behalf of Lanka Sathosa.

Establishing smart villages

In line with the Government's vision of digitising Sri Lanka, and empowering the Nation with superior connectivity solutions to lead towards an info com society, SLT successfully connected rural villages with high speed 4G/LTE broadband and voice services. The residents are enabled to connect in a hassle-free manner through 4G broadband/LTE internet and improved voice services. As the pioneering telecommunication service provider, that has uplifted millions of people with superior technological solutions, SLT will

continue to lead Sri Lanka towards the next phase of digital revolution.

Developing a smart port

SLT developed the key communication infrastructure of Sri Lanka Ports Authority (SLPA) powered by its fibre and digitalisation programme to realise a smart port. The voice and data solutions has facilitated a high experience to SLPA employees, customers and partners.

Facilitating smart agriculture

For the first time in South Asia, the Helaviru Digital Economic Centre Online Platform was launched which would revolutionise the agriculture sector in Sri Lanka. The cloud-based digital marketplace facilitates trading activities of agriculture and farm produce and commodities among diverse stakeholders on a seamlessly connected supply chain. SLT has partnered with Epic Technology Group, to operationalise the Helaviru platform, by hosting the platform in the Company's state-of-the-art SLT iDC ensuring reliability and security, backed by professional support.

Brand unification

Forming a formidable force and creating a lasting legacy as the national Information and Communications Technology (ICT) solutions leader, SLT and Mobitel created a unified brand identity; SLT-MOBITEL. This unification is an impetus to the Government's effort to create a technology driven economy and a technology-based society, with SLT-MOBITEL contributing immensely towards the digitalisation of Sri Lanka. Together, SLT and Mobitel has strengthened the Nation's ICT infrastructure, empowering people and transforming businesses with digitalisation. For over 163 years SLT has provided connectivity, operating on Fixed, Mobile and other operational segments and is recognised as the fixed

INSTITUTIONAL CAPITAL

line powerhouse brand. Mobitel has set the benchmark for mobile services in Sri Lanka as the frontrunner in digital mobile technology.

SLT and Mobitel joining forces signals to the consumers the strength of its offering and its undisputed leadership in telecommunication services in Sri Lanka, providing customer-first innovative services and driving an unparalleled customer experience. The common brand identity has positioned SLT-Mobitel at the helm, as the leading telecommunication services provider to the Nation. Through synergised brand value SLT-MOBITEL will expand its 4G, 5G and wireless broadband offering under a unified brand umbrella, creating value for the customers and the Group.

Digital transformation

SLT is on a transformational journey to become a digital service provider (DSP) from a communication service provider (CSP), and become Sri Lanka's most preferred digital lifestyle solutions provider by the year 2022. This is in line with the digital transformation of Sri Lanka, which would transform the island to be the Digital Hub of South Asia by 2025. The Company aims to provide superior, world-class digital services to the public, radically transforming peoples' lifestyles for the better, through digitalisation and the effective use of ICTs.

The Company aims to empower Sri Lankans and elevate our Nation's standing in the global arena and provide a variety of services and solutions that cater to a digital lifestyle. These digital initiatives will transform customer experience and revamp service offerings whilst optimising costs for the company, improving efficiencies, and automating backend services. The digital initiatives that are expected to bring about these enhancements focus on improvements to SLT Self Care App, web portal, Omni channel access by customers as well as enhancements to the SLT Contact Centre that will support the Company to serve its customers on a totally different level altogether in the near future.

SLT aims to build an inclusive digital society, across all ages and socio-economic groups, making technology relevant and accessible to everyone, in the island. This will enable citizens to access an ever-growing range of services in real-time and businesses to develop new products and services to meet the needs of future generations. Even as connectivity, communications services and digital solutions have become even more crucial during the COVID-19 pandemic, SLT has become a lifeline for citizens, companies and public authorities in Sri Lanka.

To support the digital transformation of the Organisation, SLT has adopted to new ways of working and developing digital talent and skills whilst setting up an agile operating model focused on digital marketing and sales, modern technology architecture, automation and artificial intelligence ("AI") in customer operations and shared services. Digitalisation has facilitated cost savings, improved efficiency, simplified processes and achieve a higher level of operational excellence.

Digital excellence

The Company successfully concluded the third edition of the trailblazing awards programme to recognize digital initiatives - the SLT Zero One Awards for Digital Excellence. It is a unique awards scheme dedicated to recognize digital excellence in institutions, individuals and brands with regards to significant achievements made by leveraging digital

technologies. The competition saw the receipt of entries from a large number of applicants spread across a wide spectrum of industries and sectors including financial, information, travel & leisure, media & publishing, healthcare & personal services, professional services, retail, manufacturing, transportation, storage & logistics, Government institutions, NGOs and even individuals and teams. Awards were given away this year for institutional category/sector, lifetime awards and a lifetime memorial award to individuals who have made unique contributions to the digital sphere in Sri Lanka.

Organisational knowledge

As the national Information and Communications Technology (ICT) solutions provider and the leading broadband and backbone infrastructure services provider in Sri Lanka. SLT has acquired a wealth of tacit knowledge. Majority of the employees have been with the organisation for a long period and their accumulated knowledge is an asset for the Company. A pool of expertise has been created by operating in the industry for over one and a half centuries. SLT strives to harness and share this vast reservoir of organisational knowledge, through knowledge-sharing sessions, documenting and using other human capital management resource tools. Approximately, 38% of employees have served the Company for over 20 years.



INSTITUTIONAL CAPITAL

SLT



1. Top Ten Most Admired Companies in 2020

International Chamber of Commerce Sri Lanka (ICCSL), Chartered Institute of Management Accountants (CIMA)

2. Top Ten Corporate Citizen Award

Best Corporate Citizen Sustainability Award 2020, organised by the Ceylon Chamber of Commerce

3. Category Award on Economic Contribution

Best Corporate Citizen Sustainability Award 2020 organised by the Ceylon Chamber of Commerce

4. Sector Award on “Other” Sectors

Best Corporate Citizen Sustainability Award 2020 organised by the Ceylon Chamber of Commerce

5. Best Corporate Responsibility Practices

Sri Lanka Best Employer Brand Awards 2020

6. First Runner Up, Communication and Information Technology category

Best Presented Annual Report Awards, Integrated Reporting Award and SAARC Anniversary Award for Corporate Governance Disclosures Competition 2019

7. Bronze Award

2020 International ARC Awards for Annual Report Cover Photo/ Design under telecommunication category

8. Honors

2020 International ARC Awards for Financial data under telecommunication sector

9. Gold award

National Convention on Quality and Productivity 2020 for National prosperity through world-class Quality and Productivity organised by Sri Lanka Association for the advancement of Quality and Productivity

Mobitel



1. Ookla Speedtest Award 2020

The worldwide leader in internet testing and analysis, crowned Mobitel as Sri Lanka’s Fastest Mobile Network, for the year 2020

2. PMI Project Excellence Award 2020

Stage VIII project won the Project Excellence Award 2020 - Asia Pacific organised by the Project Management Institute (PMI)

3. Bronze - Service Brand of the Year 2020

SLIM Brand Excellence Award - 2020

4. Bronze - Online Brand of the Year - 2020 for e-Channelling

SLIM Brand Excellence Award 2020

INSTITUTIONAL CAPITAL

Awards and recognitions

SLT Group has been recognised in the local and global arena through awards and accolades showcasing the extent its services have benefited the Nation and its people.

SLT Group has been recognised in the local and global arena through awards and accolades showcasing the extent its services have benefited the Nation and its people.

Compliance

SLT takes every effort to comply with all applicable rules, regulations, and standards. The corporate policies, procedures, and guidelines are developed in compliance with regulatory and statutory requirements. There are separate regulatory and legal divisions to monitor all regulatory and statutory ratifications. The Company complies with all Government regulations and adhere to the rules and regulations of the Colombo Stock Exchange (CSE). All activities of the Company are compliant with established guidelines on environmental protection. The level of compliance is audited by Auditors, internally and externally. For the period under review, there were no defaults in relation to issues of non-compliance with laws and regulations pertaining to the provision and use of SLT's products and services. No complaints were received regarding discordances on customer privacy either.

Innovation

Innovation is a key strategic enabler and source of competitive advantage for the Company. As the leading digital services provider in the country, SLT constantly strives to offer an innovative proposition to enable customers to connect, communicate, share, be entertained and do business more

effectively. The Company uses customer insight and technical skills to create new connectivity-based digital products, services and propositions. During the year, a dedicated Research and Development Division was established to focus solely on innovation.

Quality management

Quality management is an integral aspect of SLT, with the Company being the first ICT organisation in Sri Lanka to receive the ISO 9001:2015 Quality Management System (QMS) certification issued by the Sri Lanka Standards Institution (SLSI) for all SLT Business Units. During the year, a quality strategy framework was formulated. This includes quality standards, material standardisation, workmanship rules and guidelines, research and development, data analysis for quality improvements, platform performance, IT systems and communications. A quality management forum was convened with top officials of the organisation to enhance the standard of service quality, material quality, process quality and network and system quality to ensure a high customer experience every time.



Information security

The Company's information security policy complies with the ISO/IEC 27001:2013 International Standard. SLT continually evaluates its infrastructure and take appropriate measures to maintain compliance.

Future outlook

With the aim of becoming, the most preferred digital services provider in Sri Lanka, SLT will focus on the global telecom trends, regulatory requirements and local market requirements to deliver services in par with international standards. The Company will continue to launch major ICT initiatives aligned to the Government's vision of a digitally inclusive Sri Lanka, with a citizen-centric digital government for the convenience of every Sri Lankan. SLT will continue to strengthen its brand reputation through brand unification and delivering unparalleled customer experiences. Business ethics, innovation and compliance will continue to be important aspects of the Organisation.

SOCIAL AND RELATIONSHIP CAPITAL

INVESTOR CAPITAL

Investor capital forms part of the pool of funds, usually the major part, that are available for an organisation for production of goods, provision of services, or for expansion of its capacity. Investor capital may be generated from a Company's operations or through funds invested in the Company. The Investor capital should ideally provide a cushion to be able to withstand any turbulence in the operating environment, such as the COVID-19 pandemic at the present time.

Shareholder profile

The two major shareholders of Sri Lanka Telecom PLC (SLT) as at 31 December 2020 were the Government of Sri Lanka holding a 49.50% stake through the Secretary to the Treasury, and Global Telecommunications Holdings N.V. (GTH) holding a 44.98% stake. The remaining percentage of shares are held by other shareholders and are publicly traded on the Colombo Stock Exchange (CSE).

Government of Sri Lanka

The Government of Sri Lanka (GoSL) is the primary shareholder of SLT, which offers many consumers a feeling of reassurance and confidence in the quality of our products and the level of service we offer. It also gives other shareholders a sense of security in the safety of their investment.

Global Telecommunications Holdings N.V.

Global Telecommunications Holdings N.V. is the holding Company of Maxis, the Malaysia-based telecommunication Company. Maxis provides technical and telecommunication expertise and assistance to SLT.

Stability

SLT plays a key role in the development of the Country. In view of this, the stability and long-term viability of the Company is of great importance to stakeholders and the Country.

Fitch Ratings

Strong State Linkages: SLT's ratings are constrained by the sovereign rating as per Fitch's Parent and Subsidiary Rating Linkage criteria, as the state holds a majority stake in SLT directly and indirectly, and exercises significant influence on its operating and financial profiles. Fitch Ratings has affirmed Sri Lanka Telecom PLC's (SLT) National Long-Term Rating at "AA+(lka)". The Outlook is Negative. We have also affirmed the National Ratings on SLT's outstanding senior unsecured debentures at "AA+(lka)".

Investor relations

SLT engages with its shareholders and associated parties via various channels including press releases, interim financial results, the Annual General Meeting, our website, and announcements on the CSE. SLT's Annual Report offers comprehensive details on all relevant financial and non-financial information.

Distribution of shares

Shareholding	Resident			Non-resident			Total		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
1 - 1,000 shares	10,037	2,948,793	0.16	12	4,447	0.00	10,049	2,953,240	0.16
1,001 - 10,000 shares	2,319	9,090,094	0.50	25	119,027	0.01	2,344	9,209,121	0.51
10,001 - 100,000 shares	235	4,949,602	0.27	7	301,334	0.02	242	5,250,936	0.29
100,001 - 1,000,000 shares	11	1,812,750	0.10	0	0	0.00	11	1,812,750	0.10
Over 1,000,000 shares	8	973,876,084	53.96	1	811,757,869	44.98	9	1,785,633,953	98.94
	12,610	992,677,323	54.99	45	812,182,677	45.01	12,655	1,804,860,000	100.0

INVESTOR CAPITAL

Categories of shareholders

Category	Number of shareholders	Number of shares
Individual	12,509	16,789,486
Institutional	146	1,788,070,514
Total	12,655	1,804,860,000

List of 20 major shareholders as at 31 December 2020

	Name	Shareholding	%
1	Secretary to the Treasury	893,405,709	49.50
2	Global Telecommunications Holdings NV	811,757,869	44.98
3	Employees' Provident Fund	25,324,104	1.40
4	Sri Lanka Insurance Corporation - Life Fund	17,713,735	0.98
5	Bank of Ceylon A/C Ceybank Unit Trust	17,309,741	0.96
6	National Savings Bank	13,158,700	0.73
7	Employees' Trust Fund Board	3,302,188	0.18
8	Sri Lanka Insurance Corporation - General Fund	2,041,538	0.11
9	Bank of Ceylon A/C Ceybank Century Growth Fund	1,620,369	0.09
10	Hatton National Bank PLC/Carlines Holding (Pvt) Ltd	246,301	0.01
11	The Incorporated Trustees of the Church of Ceylon	223,590	0.01
12	Bank of Ceylon No. 1 Account	214,000	0.01
13	Pinnacle Trust (Pvt) Limited	183,984	0.01
14	Ceylon Biscuits Limited	161,825	0.01
15	Sampath Bank PLC/Mr D K L Chandrasena	150,000	0.01
16	Mr Weerasinghe	140,100	0.01
17	Hatton National Bank PLC/Almas Organisation (Pvt) Ltd	134,672	0.01
18	Mr Munasinghe	130,787	0.01
19	Mr Razik	120,000	0.01
20	Sinharaja Hills Plantation (Private) Limited	107,491	0.01
	TOTAL	1,787,446,703	99.04

Float adjusted Market Capitalisation as at 31 December 2020	LKR 2,891,721,106
Percentage of public holding as at 31 December 2020	4.78%
Number of shareholders representing the public holding as at 31 December 2020	12,649

The Company does not comply with the minimum public holding requirements of the Listing Rules of the CSE. However, the Board of Directors of the Company has agreed in principle to carry out a private placement in order to comply with the minimum public shareholding requirement as per CSE Rule No. 7.13.1 (a).

INVESTOR CAPITAL

Ratio and market price information

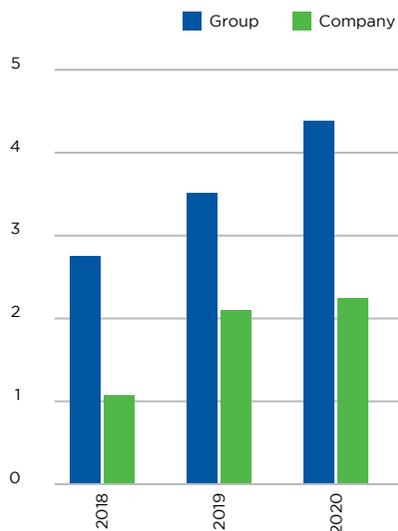
Share price trend

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Highest value (LKR)	34.80	34.50	30.00	36.70	46.40	54.90	57.30	50.00	50.00	64.50
Lowest value (LKR)	18.00	19.60	18.90	27.00	31.20	43.00	33.33	36.10	34.00	44.00
Last traded price (LKR)	33.50	31.90	23.40	28.50	36.00	47.00	49.90	37.00	44.50	48.00
Market capitalisation (LKR Bn.)	60.40	57.57	42.23	51.43	64.97	84.83	90.00	66.78	80.32	86.63

Trading activity

	2020	2019	2018
Number of transactions	6,853	5,576	3,195
Number of shares traded	5,982,917	2,718,416	1,113,157
Value of shares traded (LKR)	186,345,491	76,016,539	26,852,883

Earnings per share (EPS) LKR.



Equity - Group

	2020	2019	2018
Earnings per share (LKR)	4.37	3.5	2.74
Net assets per share (LKR)	46.64	43.25	40.82
Debt/Equity ratio (Number of times)	0.77	0.93	0.76
Quick asset ratio (Number of times current liabilities)	0.93	0.77	0.82
Interest cover (Earnings before interest and taxes divided by interest expense)	1.91	1.47	1.77
Dividend pay-out ratio (%)	34.0	30.26	38.66
Dividend per share (LKR)	1.49	1.06	1.06

Debt information - Company

Interest rate of comparable government security (%)	6.98
Debt/Equity ratio (Number of times)	0.77
Interest cover (Number of times)	1.16
Quick asset ratio (Number of times current liabilities)	0.90
Market prices and yield during the year (Ex-interest)	
Highest debenture price	Debentures were not traded during the year 2020
Lowest price	
Last traded price	

Future outlook

SLT will continue to increase shareholder value by generating increased profits, achieving sustainable growth, offering attractive financial returns and strengthening governance.

CUSTOMER CAPITAL

As the national telecommunications services provider SLT caters to a vast customer base encompassing individuals and institutions from the private and government sectors. Understanding the different needs of these diverse customer segments and delivering high quality, reliable and affordable telecommunications solutions has been instrumental in

narrowing Sri Lanka’s digital divide and creating a more inclusive society with enhanced economic and quality of life opportunities.

During the year under review, SLT discharged its mandate to the fullest, by ensuring uninterrupted connectivity between the state, private sector and individuals, for economic continuity and to overcome the health and safety threats posed by COVID-19.

Customer profile

The Sri Lanka Telecom Group has 3.05 million fixed subscriptions including fixed voice, fixed broadband and PEOTV subscribers. Its services have reached more than 1.6 million households and enterprises with more than 175,000 subscriptions added during the year. Broadband customer growth was accelerated with 7% YoY growth in subscriptions. Its subsidiary Mobitel has 7.9 million subscribers.

Sri Lanka Telecom

Broadband

SLT Fibre

Revolutionising internet usage across the country whilst expanding Sri Lanka’s broadband capacity, SLT Broadband introduced FTTx technology. Packages available with download speeds of up to 1,000 Mbps and upload speeds of up to 500 Mbps. The Company also recently introduced GIGA Fibre for the first time in Sri Lanka.

SLT 4G LTE

SLT 4G LTE offers 40 Mbps burst download speed with updated coverage and monthly data volumes of up to 3 TB.

ADSL

SLT ADSL broadband offers speeds of up to 21 Mbps and monthly data volumes of up to 3 TB.

sltgo

SLT broadband customers and overall internet customers of Sri Lanka are able to enjoy WiFi connectivity on the go via community WiFi networks. This connectivity will extend to over 23 million WiFi hotspot connections around the world. sltgo, Sri Lanka’s largest community Wi-Fi network, allows access to unlimited data on any device, for prepaid customers. Existing broadband customers will also have access to data within the volume of their home broadband packages.

Loyalty Data

SLT broadband customers are eligible to receive free data every month depending on the customer’s lifetime with SLT and the subscribed broadband package. Loyalty data will be added to customer’s broadband account and it will continue to grow with the customer’s lifetime with SLT broadband.

CUSTOMER CAPITAL

Sri Lanka Telecom

Data Bundle offers

Learn and Work Online

Meet bundle

Meet data bundles are specifically designed for working from home and online working purposes. SLT Lynked, Microsoft Teams, Google Meet, Office 365, Zoom, Webex, Skype platforms are enabled to be used under Meet bundles. Such bundles are provided by SLT at a very concession rate.

Study Platform Data Bundle

In collaboration with leading learning management systems, SLT offers data bundles to use various study platforms at concessionary data charges. With these data bundles, SLT aims to convert classroom education into a fully online experience and make it affordable to all.

AL Kuppiya, eSiphala, Akaza LMS platforms are entitled for the study platform data bundles.

Unlimited Entertainment

PEO TV GO Unlimited Data Bundle

PEO TV GO unlimited data bundle enables customers to enjoy watching their favourite TV shows, movies, live sports, news and 48 hours of rewind TV on any device using the PEO TV GO application.

Entertainment Combo Pack

Watch an unlimited number of movies, TV shows, or listen to music on Netflix, Amazon Prime, Apple TV, Fire TV, PEO TV Go, Hulu, Roku TV and Spotify with SLT Broadband Unlimited Entertainment data bundle "Entertainment Combo Pack". For the first time in Sri Lanka SLT has introduced a truly unlimited anytime data bundle to cater to varied entertainment needs.

YouTube Data Bundle

Watch the latest updates of favourite YouTube channels with peace of mind. For the first time in Sri Lanka, SLT introduced a YouTube data bundle with ultra-high definition quality playback, as a seven day recurrent data bundle at an affordable price.

Messenger Data Bundle

Connect with your loved ones and business contacts anywhere in the world with high quality video and voice calls, messages and chats at lowest data costs. SLT introduced a seven day recurrent Messenger data bundle for the benefit of SLT broadband customers.

CUSTOMER CAPITAL

Sri Lanka Telecom

SLT eSports Platform

The eSports Gamer Platform is a web-based, user-intuitive portal which provides cyber athletes with exclusive access to competitive tournaments, challenges, community game servers, private game servers, eSports content and streamed feeds from some of the world's best influencers. The portal will also deliver a fully optimised, ultra-low-latency gaming experience in Sri Lanka.

The upgraded platform revolves around four major aspects of the gamer lifestyle – play, content, community, and rewards. This offers customers unique streaming capabilities, personalised player profiles, loyalty points with many benefits and many more special features and rewards. SLT also offers special “Gaming Bundles”, comprising a next generation gamer internet solution for gamers and fans across the country. These gaming bundles give customers the opportunity to have the best gaming experience in the country at a low data cost for an ever-expanding set of games. The bundle offers anytime data quotas via Gamer Lite, Gamer Premium and Streamer Premium Gaming Bundles making this the first time in the history of eSports that gamer specific data bundles have been provided.

SLT Storage

Powered by SLT Akaza Cloud, SLT Storage allows users to access their files on the go through the SLT Storage app, which automatically sync files and folders to their desktop, and backup their Android phone contacts and messages. SLT Storage offers a built-in search engine and the lowest storage prices in the market.

SLT Smart Home

SLT Smart Home solutions are designed to allow homeowners to control the lighting, climate, entertainment systems, appliances, devices, power, sensors, curtains, home security systems, and many more devices in their homes through a central hub, with a user interface available on their phones, tablets, desktop computers, or a web interface accessible off-site via the internet. SLT Smart Home solutions are suitable for owners and tenants of luxury apartments, large scale industry builders, and engineering and architectural communities in the country.

SLT CCTV

SLT CCTV is a camera surveillance domestic security solution that enables customers to remotely monitor their premises through a web portal or mobile app. SLT also provides cloud storage for the footage through the SLT Akaza cloud storage platform, reducing the requirement for storage and other hardware at the customer premises.

Pay with SLT

Recognising that online transactions continue to increase and are becoming a significant part of the global economy, SLT introduced “Pay with SLT” to its digital portfolio. SLT customers will be able to purchase products and services online from SLT-registered merchants and have the payable amount added to their monthly SLT bill. Customers can benefit from a credit period offered by SLT, as well as peace of mind through the safe and secure mode of payment.

SLT Kimaki

Adventures of Kimaki unfolds in a mysterious blue mountain filled with platforms. In his epic quest to find his friends and family his only hope is help from the Stick with Magical Powers. The result is “Adventures of Kimaki”, a hyper-casual adventure game that helps increase and improve the motor, memory and cognition skills of users.

CUSTOMER CAPITAL

Sri Lanka Telecom

Helaviru E-agro Platform

Helaviru, agro-products and commodities trading platform is a digital marketplace that facilitates trading activities (buying and selling) of agriculture and farm products and commodities, among diverse stakeholders on a seamlessly connected supply chain.

The platform aims to create an ecosystem of digitally connected agro-producers (farmers and growers), small scale collectors, wholesalers, retailers, large consumers (super markets, food processing industries, hotels, etc.) and agro-produce exporters, and provide an easy and secure channel to carry out their trading activities.

Study Platforms

In collaboration with leading learning management systems, SLT offers study platforms. Through these platforms, the Company hopes to convert classroom education into a fully online one and make it affordable to all.

AL Kuppiya

AL Kuppiya, a learning platform contains web interface and an Android mobile app. The service mainly targets G.C.E. Advanced Level (A/L) students from all subject streams. The lessons are carried out in video mode. Currently the platform offers only A/L subject related material only. All lessons are available in Sinhala language.

SLT eSiphala

SLT eSiphala is an online teaching platform targeted at enhancing the digital teaching and learning experience. The advanced eLearning technologies available on SLT eSiphala allows teachers to connect up to 20,000 students in a session, as well as create virtual classrooms to organise their teaching. The platform also enables them to conduct live or pre-recorded sessions, along with scheduling online assignments and tests together with marking systems.

SLT LYNKED

SLT LYNKED is a cloud based platform developed to hold video/voice meetings with features such as:

- Screen share and file share
- Public/private chat
- Whiteboard facility
- Multiple rooms and multiple hosts

- No limitations (time, number of sessions)
- Easy access
- Low priced data packs

The service can be accessed via any smart device, hence users can join in the conversations from any location. This is ideal to conduct online meetings as well as online classes for students.

CUSTOMER CAPITAL

Sri Lanka Telecom

Enterprise products

SLT's Intelligent Solutions are aimed at equipping local businesses with the full range of ICT solutions to help succeed in the global arena. Speed, connectivity and security are key demands businesses make and SLT's wide portfolio of services is perfectly poised to meet and exceed these expectations. The comprehensive array of services are helping organisations to blaze ahead with stronger convergence capabilities, extended reliability, improved scalability, flexibility and cost effective implementation.

National Data Centre

SLT launched Sri Lanka's first purpose built state-of-the-art Tier III Data Centre in Pitipana, Homagama in 2018. The facility, the "National Data Centre" provides secure and reliable data hosting and cloud computing services. It is South Asia's first data centre capable of supporting Network Function Virtualisation (NFV) and Software Defined Networking (SDN) environments. SLT's data centres and cloud platform offer enterprises a scalable and cost-effective alternative to deploying dedicated computing resources in-house.

Azure Intelligent Cloud Service

Intelligent cloud Services are SLT's latest addition to Akaza Multi-Cloud services to all segment of customers. Azure Stack hub enables customers to deploy and manage Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) and Azure market place services. Azure Stack Hub service is multi-tenant and true Hybrid cloud services offered with vast features for developers aiming with server less computing services along with Kubernetes services in form of AKS.

VMware Enterprise Premium Cloud

SLT Akaza Enterprise Premium Cloud is a VMware validated design and directly implemented by the VMware international professional service team. SLT provides IaaS services, virtual machines, and virtual data centers along with a range of other support services such as disaster avoidance, disaster recovery, and backup. SLT is the only service provider that offers a range of new differentiated services and delivers several advanced self-service products that can dramatically reduce provisioning time and cut operational costs.

SLT SD WAN

SD WAN Service was launched as a managed service for enterprise and government customers. SLT SD WAN was developed with a focus on addressing the network transformation that is necessary for the facilitation of digital transformation.

Amongst a host of other benefits to consumers, SLT SD WAN emphasises simplicity of management, better visibility, better application experience, optimised cloud connectivity and a more secure WAN for private and public connectivity. The main features of SD WAN include visibility, security and performance.

Managed Services

Designed for enterprise customers, SLT Managed Services offer data, voice and video integrated solutions. Customers can outsource the entire communications infrastructure to SLT and focus on the core business, while SLT manages the infrastructure, all the given services, and maintains the required service levels.

CUSTOMER CAPITAL

Sri Lanka Telecom

Internet and Cyber Security

Managed Firewall

SLT Managed Firewall helps eliminate threats before it reaches corporate networks with comprehensive protection. It minimises risk of security breaches, improves productivity and helps eliminate CAPEX investment for firewall. It also features integrated security intelligence with UTM profiles. Business organisations could experience a clear advantage by utilising local bandwidth and getting clean pipe with a high redundant and scalable security structure.

DDoS Protection Service

Distributed Denial-of-Service (DDoS) attacks are a growing-threat to businesses worldwide. DDoS attacks can quickly incapacitate a targeted business, creating revenue loss, productivity loss and reputation damage. DDoS Protection Service provides the detection and mitigation of Distributed Denial-of-Service (DDoS) attacks, protecting the enterprise network at gateway level, ensuring the customer bandwidth is available for legitimate traffic. SLT also provides 24/7 support and service assurance to help maintain all customer networks.

Business solutions for SME

Product portfolio

Voice and video	Networking	Data hosting	Managed services
<ul style="list-style-type: none"> • Business Voice • Business Trunk Line • Business Hotline • Business PBX • Business IVR • Business IDD 	<ul style="list-style-type: none"> • VPN Solutions (L3) • Ethernet VPN (L2) • Business BB • Business Internet Line 	<ul style="list-style-type: none"> • Server Hosting • SLT Cloud • Cloud Solutions • DR Solutions • Data Back-up • Data Storage: Enterprise Storage • DNS Hosting 	<ul style="list-style-type: none"> • Hosted PABX Solutions • Hosted Security • Business WiFi • Learning Management Systems • Business Email Services • Devices • Business Storage: SLT Storage • SLT Check in: Hotel Management • Managed Firewall • Web design and hosting • Digital marketing • Inventory and accounting for SME • Cloud POS • DMS and workflow management • Appointment management • Queue management • IoT Solutions

CUSTOMER CAPITAL

Sri Lanka Telecom

Solutions portfolio

Voice and video	Data and networking infrastructure	Surveillance	Software and digital marketing solutions	Smart automation solutions
<ul style="list-style-type: none"> • Analog intercom systems • IP intercom systems • Video conferencing • Call center system 	<ul style="list-style-type: none"> • WiFi access solutions • Network infrastructure solutions with structured cabling 	<ul style="list-style-type: none"> • IP/analog standard camera system • Door phone system • City surveillance solutions 	<ul style="list-style-type: none"> • Demand oriented software solutions • Digital marketing • Web development solutions 	<ul style="list-style-type: none"> • Smart home solutions • Access control system • Building management systems

SLT apps

MySLT

MySLT self-care app gives the customer full control to manage the SLT account, conduct postpaid online bill payments, request new service and package upgrades, tracking data usage, manage faults and obtain bill summaries. Customers are enabled to add extra data by paying immediately or later and report faults through the app.

SLT Broadband

This app provides a new and revolutionary way for the customer to manage the SLT broadband services. The app offers an array of benefits to SLT broadband customers such as checking broadband data usage and balance, and purchasing extra GB.

SLT CCTV

SLT CCTV is a standard compliant surveillance camera management and viewer app. This solution provides a seven day retention of customer's surveillance camera feed.

SLT Kimaki

SLT Kimaki mobile gaming segment involves the adventures of Kimaki, a young ninja on an epic quest to find his friends and family. Game lovers, who are also paid subscribers can convert their winning game points into broadband GB.

SLT Smart Home

The app facilitates remote monitoring and management of the electronic appliances, such as remote surveillance, heat ventilation, air conditioning and even the lighting through the customer's phone via sensors. Automatic triggers, intrusion alerts, and emergency notification are some of the features provides of the app.

AL Kuppiya

AL Kuppiya is a learning app which mainly targets G.C.E. Advanced Level (A/L) students from all subject streams. The app offers comprehensive learning programmes in all subject streams by video lessons. Students can download the Android version of the app through the Google Play Store.

Helaviru APP

Helaviru, agro-products and commodities trading platform is a digital marketplace that facilitates trading activities (buying and selling) of agriculture and farm products and commodities, among diverse stakeholders on a seamlessly connected supply chain. Farmers and buyers can download the Healvuru app through Google Play Store.

SLT Storage

SLT Storage app provides secure storage for customer's files and facilitates the customer to access files from anywhere, anytime by securely syncing the files across all devices. Customer can invite others to view, edit, or leave comments on any of the files or folders.

sltgo

sltgo hotspots is an innovative Wi-Fi solution which utilises excess bandwidth capacity of the existing SLT network or shares the existing bandwidth of SLT broadband customers to access the internet among Wi-Fi community members for mutual benefits.

CUSTOMER CAPITAL

Sri Lanka Telecom

Value Added Services (VAS)

Telehealth Insurance

Telehealth Insurance is a special medical insurance scheme provided in collaboration with Ceylinco General Insurance Ltd exclusively to SLT customers. The Telehealth policy cover provides financial assistance for hospitalisation in any government hospital, registered private hospital/nursing home, or any other approved government/private Ayurveda hospital, as an in-patient, as a result of sustaining accidental bodily injury, any sickness or illness, or any type of surgery. The insurance scheme offers covers with monthly premiums as low as LKR 100 that can be settled in the monthly SLT bill and eliminates the need to fill application forms. Insurance cover is also available to the spouse and children of subscribers.

Telelife

Telelife insurance policy is offered by SLT in partnership with Sri Lanka Insurance Corporation (SLIC). This provides life insurance at affordable premiums for SLT customers. One of the major benefits of the service is the affordability of the premiums and convenience involved, as the premiums will be charged to the customer's monthly telephone bill and can be paid along with the SLT telephone bill.

SLT Filmhall

SLT launched SLT Filmhall, a streaming service for the first time as an OTT (Over-The-Top) platform to make entertainment options available online to all Sri Lankans. This provides high quality video streaming, music downloads and gaming facilities as never experienced before in Sri Lanka, bringing a cinematic experience right to the home. All these services are available through a single web portal, <https://sltfilmhall.slt.lk>

Kaspersky internet security

Virus protection and internet security are important to safeguard valuable data and privacy over the internet. SLT introduced special monthly subscription plans for SLT broadband customers and annual subscriptions for both SLT and non-SLT customers over SLT e-Teleshop by partnering with Kaspersky.

Usage reports

SLT broadband customers can view broadband usage details through the Broadband VAS Portal interface. The newly added usage report is a value added feature that gives the customer detailed access information to ensure that the customer can be 100% secure about the data usage.

SMS alert facility

The customer communication gap was bridged by enabling SMS updates to all customers during service fulfilment as an assurance and to keep customers updated.

CUSTOMER CAPITAL

Mobitel

www.mobitel.lk



Personal solutions

Mobitel offers prepaid and post-paid mobile telephone connections, as well as 4G LTE broadband packages.

Mobitel broadband solutions include:

- Smartphone data plans
- Education, entertainment and social media specific data plans
- SME and enterprise data solutions
- Home broadband solutions
- Mobile data device plans
- Family data plan solutions

Business solutions

Mobitel offers a variety of solutions that can enhance productivity and value for small businesses and large enterprises.

These include:

- Business Applications
- Infrastructure & Asset Management Systems
- End-user experience solutions
- Communication Services
- Managed Services
- Enterprise MISs

Cloud solutions

Mobitel is an authorised Cloud Solutions Provider for:

- Microsoft Azure
- Microsoft Intune
- Microsoft Office 365
- Microsoft AEP
- Samsung Knox

Also the authorised reseller for:

- IBM MaaS360 with Watson
- Amazon Web Services
- Cisco Webex

e-Channelling

e-Channelling, a Mobitel subsidiary and the pioneer software development and ICT service provider to the Healthcare industry in Sri Lanka, facilitated appointments for mandatory medical tests to obtain new driving licences and to renew existing licenses. This was done in partnership with the National Transport Authority.

Other initiatives by e-Channelling during the pandemic were:

- Audio consultations for GPs
- Drive through PCR testing channelling
- Video consultation appointments
- Mobile Lab Service reservation
- Prescription upload for drug delivery
- Chat with Doctor/Counsellor/Nutritionist
- COVID 19 survey system for Hospitals

CUSTOMER CAPITAL

SLT VisionCom

www.sltvisioncom.lk



PEO TV

PEO TV brings the latest on news, entertainment and education from around the world through an interactive platform offering 48 hours of rewind TV, Video on Demand and Subscription Video on Demand. Differentiating its offering, PEO TV introduced Picture-in-Picture, Music on Demand, Education on Demand and many other TV applications for the first time in Sri Lanka. Customers can watch over 140 TV channels with a selection of HD content and access to on demand library that offers an extensive range of Sinhala, Hindi, Tamil, English, Malayalam, and Telugu movies Leveraging the

multilingual capability of certain English channels, which enable streaming in Tamil language, helped to incorporate four such channels to the platform. The variety in linear channels and high quality of on-demand content makes it possible for PEO TV to operate as a hub for content, with the latest movies made available in the content library.

Supporting smart learning and education, PEO TV also features, EOD (Education on Demand) offering students the convenience of following important lessons at any time. EOD on PEO TV provides content from many educational content providers, such as Candela Learning, Guru, AL Kuppiya, DP Educations and other specialists in the industry.

A content library named, “Sootikka” was introduced to the public by PEO TV, which was also made available on YouTube. The YouTube platform enjoys a strong viewership, of which a significant reach is from the global arena, indicating good prospects for OTT Content going international. With the integration of gaming, PEO TV will enable gaming opportunities to its customers providing a plethora of services in one unique platform.

PEO TV Go

PEO TV GO allows customers to enjoy their favourite PEOTV content on any device, anywhere, at any time. The PEO TV GO app was made available to any customer over any network since June 2020, to enjoy all PEO TV features including Live TV, Rewind TV, Video on Demand, Subscription Video on Demand and Education on Demand.

The PEO TV GO TV Box brings further convenience to watching TV and all-time favourite shows to a simple plug and play convenience as it connects the entertainment world to any device from home or anywhere at any time.

PEO TV Biz

PEO TV BIZ, provides a multiple TV solution to cater to the requirements of small and medium enterprises in the country. The service is available in two formats: Multiple PEO TV via FTTH to provide up to three TV points, and Enterprise PEO TV via dedicated fibre, to provide over 15 TV points.

Helawood Popcorn

Helawood Popcorn is a cinematic cyber space, dedicated to capturing the diverse flavours of local and international entertainment in one platform. It connects lovers of Sri Lankan cinema and engages them in discussions about the history and future of Sri Lankan cinema.

CUSTOMER CAPITAL

SLT VisionCom

Charana TV

Charana TV is a local variety channel dedicated to Sri Lankan content, which stands among the top 10 most viewed channels on PEO TV within a short period from its inception. Its mission is to cater to the aesthetic needs of the public while respecting the diversity of the country. The fully-fledged Charana studio continuously strives to reinvent local content featuring new programmes such as “*Pothai Hithai*”, “*Kavi 10 Gee 10*,” “*Dhadabbarai Hapannu*”, and “*Seethala Eethala*”. “*Aseema*”, South Asia’s first ever Live Virtual Mixed Reality television show broadcasted on Charana TV traveled beyond the standard television boundaries with technology. In addition a YouTube channel was also launched to further enlarge the reach of the channel apart from its available platforms of PEO TV and PEO TV GO with intentions to expand to further platforms as well.

SLT Group Watch

SLT Group Watch channel, helps customers get acquainted with updates on SLT products, services and important updates on technology and beyond.

Videsa

Videsa 5-11 Bouquet offers a dedicated educational channel from grades six to 11, covering a wide area of the school curriculum and revision support for each grade.

Event TV

Event TV is a dedicated channel for events. The channel enables entities to broadcast live and recorded telecasts in high definition, at a nominal cost on PEO TV and PEO TV GO.

CUSTOMER CAPITAL

Sri Lanka Telecom (Services) Limited (SLTS)

www.slts.lk



Sri Lanka Telecom (Services) Limited is a fully owned subsidiary of Sri Lanka Telecom PLC. SLTS has two strategic business units (SBU) engaged in ICT System Integration and Telecommunication Out-Side Plant Development and Maintenance.

ICTAD EMI Certified Company



ISO 9001:2015 Quality Management System Certified Company (certified by SGS)



System Integration (SI) SBU

System Integration Division provides complete ICT solutions for enterprises of all industries and the Government sector which include Smart software applications and solutions, information security solutions, network and computer systems, cloud solutions, data center design and development, ELV (Extra Low Voltage) solutions and unified communication solutions. SLTS has world leading OEM partnerships for all major ICT segments. The experienced and certified professional team is the greatest strength of the Company.

Enterprise switching, routing, and wireless

SLTS provides network equipment to clients including enterprise switching, routing, and wireless equipment. SLTS enterprise network solutions and enterprise wireless solutions enable clients to accelerate innovation while enhancing security and other benefits and reducing cost and complexity.

Server and Storage Solutions

The Company's capabilities enable to offer numerous storage solutions suitable for server consolidation and virtualisation environments with high performance and high availability to clients.

Data Center, Critical Facility Development

SLTS undertakes development of data centres of any scale up to Uptime Tier Certified service provider data centres. It also provides enterprise facilities in partnerships with civil, mechanical and electrical contract partners, incorporating the superior globally ranked product portfolio.

CUSTOMER CAPITAL

Sri Lanka Telecom (Services) Limited (SLTS)

Unified Communication Solutions

Complete unified communication solutions (PABX solutions) including IP-based PABX systems that encompass all the internal communication requirements of clients. Solutions can be tailor-made to client's requirements ranging from SOHO (small office house office) to large enterprises.

Information Security Solutions

The services portfolio also includes IT security solutions for clients, including firewalls, antivirus and messaging security, and securing data and information from malware threats. The Division handles Enterprise Security Management with SIEM, NDR, SOC solutions as well.

ELV system solutions (Extra Low Voltage system projects)

The services that the Division provides include total ELV system solutions using both UTP and fiber with state-of-the-art voice and data copper cabling systems, as well as cost-effective total power solutions for industry networks on par with industry standards. These solutions include structured cabling, surveillance, PABX, PA (Public addressing), Access control and Door phone systems, IPTV/MATV, Carpark management and BMS (Building management systems).

Surveillance Systems

A complete CCTV and IP-based surveillance systems that encompass all the monitoring requirements of clients. Solutions can be catered to the requirements of clients ranging from a small home to a large corporation.

Smart Application Solutions and Managed Services

SLTS provides software solutions either as turn-key solutions or managed services with support and maintenance. These solutions include SLTS's existing software products, custom developments or third party software products, as required.

Banking Solutions

SLTS "Easy Bank" is a robust Micro Finance and Banking Solution developed by SLTS, which can address all the micro financing application requirements. This commercially deployed flagship software product of SLTS, provides an integrated banking solution with customisation.

CUSTOMER CAPITAL

Sri Lanka Telecom (Services) Limited (SLTS)

Enterprise Resource Planning (ERP) Solutions

SLTS Total Enterprise System (TES) is an Enterprise Resource Planning (ERP) system developed by SLTS that can manage the entire informational requirement across an organisation.

The system integrates all organisational departments including finance/accounting, marketing, sales and customer relationship management, manufacturing, and more into a single point and automate all activities through an integrated software application. TES is a total web-based system with a database repository back up that can run under different hardware and network environments, including virtualised or hosted services.

Custom Software Applications

SLTS undertakes development, integration and management of custom software solutions for clients. SLTS also works with software solutions of third parties as an implementation partner and as a managed services partner.

Managed professional services

SLTS provides technical professional services for other companies for ICT infrastructure maintenance and management, system operations, and project execution and management.

Outside Plant (OSP) SBU

This business unit is mainly focused on executing telecommunication service provider and other ICT outside plant related projects and related managed services. The scope of its activities includes planning, designing, commissioning and maintenance of outside plants.

SLTS maintains an island wide branch network of 19 offices, including the head office located in Colombo-08 and the main OSP office located in Kaduwela which mainly supports the OSP business and SI business regional activities.

The main projects undertaken by the OSP division in 2020:

- New subscriber connections (Fiber, Copper and IPTV Service)
- Fiber To The Home (FTTH) network development

- Fiber and copper cable development projects
- Work related to shifting Telecom networks
- Mobile/Fixed operator transmission tower and antenna related projects
- Telecommunication network maintenance and faults management
- SLTS has initiated a Solar PV energy project implementation in the year 2020 with the approval of the Sustainable Energy Authority.

CUSTOMER CAPITAL

SLT Digital Info Services

www.sltds.lk



Having undergone a series of transformational steps to focus on the business transition and digital transformation, SLT Digital Info Services (Private) Limited has continued to grow diversifying the business through new innovative business models, sustainable partnerships, provision of specialised Sri Lankan business information, digital marketing, directory information publishing as well as event management and activation services.

The remarkable growth in revenue composition exemplifies the success of the new additions to the product portfolio in tandem with the digital transformation. SLTDS's Digital strategy covers both business-driven-innovation and technology-driven-innovation, which is integrated with core business and outside.

Rainbow Pages print directory

The Rainbow Pages Directory which contains over 20,000 classified business listings, over 42,000 organizational listings is the only national directory in Sri Lanka. The printed directory business was well managed as a sustainable business segment.

Rainbow Pages web directory

RainbowPages.lk is one of the most frequently visited websites in Sri Lanka, extending the reach of the directory to a global level.

Rainbow Pages mobile app

With the technology revolution, the mobile app facilitates access to information quickly and easily at the touch of the fingertips. The app is made available on Android or Apple smart phone or any other mobile device free of charge.

Wedding Directory and Tourist Directory websites

The Wedding Directory and Tourist Directory websites are dedicated directory vertical websites created by SLTDS to cater to two key industries in Sri Lanka. The vertical directories provide a unique platform for advertisers to promote their brands and products, and a one-stop website for customers searching for information about these two industries.

Event management and activations

Diversifying into non-directory businesses, SLTDS plans and manages a wide range of major events including, awards ceremonies, conferences, product launches, customer forums, town storming sessions, branding events and any other similar events.

Digital marketing agency

Launched in 2020, the Digital marketing agency provides 360 degree Digital Marketing services to reach larger audiences with lesser cost and achieve high ROIs.

CUSTOMER CAPITAL

SLT Digital Info Services

Digital services

Digital services are centred around digital marketing and web creations. Products include:

- Web designing, development & maintenance)
- E-commerce portal design, development & maintenance
- Social media advertising (page creation, optimisation and run campaigns on all social media platforms)
- Search engine advertising (Google search advertising and display advertising)
- Social media optimization
YouTube advertising
- E-mail marketing
- SMS marketing, bulk SMS messaging
- Search engine optimisation
- Search Engine Marketing
- Photography and video productions
- Video editing and artwork design
- Logo designing
- Content development and content marketing
- Online business directory advertising
- Digital activations and promotions
- Voice advertising service - Interactive Voice Response (IVR) service to institutions
- Voice advertising service - Paid Interactive Voice Response (IVR) campaigns
- Social media influencers' content creation
- Hotel booking platform solution to clients

SLT Talentfort

www.talentfort.com



Talentfort Private Limited is an associated company of Sri Lanka Telecom Group. Talentfort offers total HR solutions including HR outsourcing, head hunting, BP operations, system software, HR consultancy and foreign collaborations. The Company provides professional outsourcing services solutions, shared services and support services.

With only very limited business with SLT, Talentfort's focus is on external business, to enhance Group revenue through the provision of premium services. Although business sustainability faced many challenges during the pandemic of 2020, employee welfare remained a priority. The Company continued to focus heavily on training to maintain its value proposition of "more for more", providing more value in terms of employee quality and efficiency.

CUSTOMER CAPITAL

Sri Lanka Technological Campus (SLTC)

www.sltc.ac.lk



Sri Lanka Technological Campus (SLTC) is a pioneering venture, being the first research-based fully residential university in Sri Lanka. It is the fastest growing university in the country, operating 24X7, and has been an innovative step in the Sri Lankan higher education system. The university is financially self-sustaining, and has an academic faculty of over 200 and a 1:10 staff to student ratio in compliance with international accreditation guidelines.

SLTC offers 25 local undergraduate programmes and over 10 foreign academic and research partnership programmes in collaboration with some of the highest ranking universities in the world. The Campus has the distinction of housing the largest residential facility in a non-state university. During the year, the student intake grew by 100% YoY, and set up the first purpose built academic facility to promote collaborative research. Over the years, SLTC has received many recognitions and accolades and has more than 20 high impact publications to its credit.

SLTC was the first university in country to run a technology enabled active learning platform and throughout the lockdown period, it was the most active online university in Sri Lanka and highest data consuming university. All the programmes were converted to online formats including examinations, continuous assessments and practicals.

The self-based public learning ACE platform (<https://theaceuniversity.com>) was launched, allowing people to run their own programmes. SLTC also introduced its own corporate education brand called the MASTERS (<https://themastersworld.com>). Through MASTERS, while running several programmes on design and working towards future proofing its programmes, another ongoing collaboration with a few Israeli universities is aimed at bringing cyber security content into Sri Lanka.

To diversify the educational offering, four new degrees were introduced by SLTC. These include a degree in music, which is offered by a non-state university for the first time in Sri Lanka, a degree in fashion merchandising and textiles and degrees in agricultural technology and environment technology, and hospitality and tourism.

Xyntac

www.xyntac.com



Xyntac, the global unit of Sri Lanka Telecom is an evolving digital communications ecosystem that delivers carrier-grade connectivity & digital solutions to businesses around the globe. Expansive submarine fibre networks with long standing global partnerships supports to build up highly scalable transport speeds up to multiples of 100 Gbps with the capability of networking diverse customer sites with flexible connectivity solutions. The high-performance, low latency networks propel businesses to the global stage allowing them to achieve strategic, revenue and expansion objectives.

Connectivity service portfolio

Voice services

Xyntac delivers Wholesale Voice Services and Free Phone Services through faster TDM and VoIP interconnects through 120+ direct partnerships with guaranteed Quality of Service.

Global VPN services

Xyntac provides secure Virtual Private Network (VPN) services to empower businesses with simple, secure & scalable global network services. These are designed to deliver a cost-effective, flexible and resilient point to point & multipoint interconnections for efficient voice, data and multimedia communications.

Internet services

With IP Transit and Direct Internet Access (DIA), Xyntac provides robust and secured Internet solutions to Global Carriers and Global Enterprises through Global IP backbone (AS 45489) which is backed by Global Tier I ISPs and major IXs across the world.

CUSTOMER CAPITAL

Xyntac

Global network solutions

The global submarine cable capacity requirements have increased exponentially by up to 500 times over the past 10 years. This trend continues as Virtual Reality, Augmented Reality and Internet of Things are becoming mainstream for global capacity requirements. Xyntac has already diversified its submarine cable network to cater this emerging capacity demand. Xyntac submarine cable network comprises of its consortium cables SEA-ME-WE 5,

SEA-ME-WE 4, SEA-ME-WE 3, private cables connecting to Maldives and India and partner cables around the globe. Xyntac International POPs spread across USA, Europe and Asia will enhance faster deployment of services around the globe and plans are underway to expand its presence further to the other regions of the world.

SLT has made plans to expand its capacity on SEA-ME-WE 4 and 5 whilst retiring SEA-ME-WE 3 which is an old cable system and discussions are underway to invest in SEA-ME-WE 6 to cater the future global submarine capacity demand.

P2P connectivity

With International Ethernet Private Line (IEPL), Xyntac provides global enterprises with an exclusive, secure connectivity services with unmatched reliability delivered through point-to-point connections. These private connections provide dedicated, connectivity, fast and flexible performance linked with industry specific SLA & professional support.

Digital portfolio

Cloud services

Xyntac provides multi-cloud platforms partnering with virtualisation giants such as VMWare, Microsoft, and Oracle, enabling the digital transformation of global enterprises. Also Xyntac is capable of providing Virtual Data Centres (VDCs), Virtual Machines (VMs), Disaster Recovery services, Disaster Avoidance services, Backup services, Storage services, Load Balancing services and Managed Services.

Co-location services

Xyntac offers a carrier neutral, Tier III uptime certified data centre facility that provides:

- High security, scalability, and availability
- Advanced technologies to achieve high power usage effectiveness
- Customised services to meet diverse business requirements
 - Caging facility
 - Access control
 - Surveillance
 - Working area facility
- Industry-specific SLAs and guaranteed network uptime
- Green Gold Certified Data Centre
- Meet Me Room facility
- 24x7 monitoring and customer support

Managed services

Xyntac can handle the clients' IT requirements so that they can focus on their core business. Services include:

- Managed firewall
- Managed security
- Managed infrastructure
- 24x7 live support with a skilled engineering team, guaranteed service levels and network uptime, and guaranteed restoration time

CUSTOMER CAPITAL

Customer experience management

During the year, many new internal initiatives were introduced and existing customer service processes were reviewed to enhance our customer experience positively. The Product Champion programme, which was initiated to enhance awareness of regional staff regarding SLT's products and product management, was reviewed and strengthened, which in turn enhanced customer experience delivered at all customer touch points. A single point of contact in IT was established for system related issues, which were addressed by the highest office of the company. An employee engagement programme was successfully carried out at Regional Office and OPMCs. Staff at all levels were motivated and techniques shared on how best to deliver a superior customer experience at Regional Offices and when OPMC staff visit customers. Every month the customer voice was represented in operational review meetings.

Customer touch point improvements

New look to SLT Q-Management System

Q-Management is a systemised customer handling approach that was established at direct customer touch points during the past few years. However, with the Company's prime focus now being on enabling a superior customer experience overall, a complete outlook change of the existing Q-Management System was effected, focusing on capturing actual customer experience. The new Q-Management system is equipped with features such as the possibility to capture customer voice, easy customer handling, priority token availability, and a reporting feature enabled for senior management. This upgrade was implemented with the collaboration of SLT's IT team.

Dynamic QR for SLT bill payments

SLT tied up with the Bank of Ceylon (BoC) to launch the first ever dynamic QR for SLT bill payments. This initiative was launched in early 2020 with an eye on the pandemic situation and Nationwide lockdown. The initiative enables SLT customers to enjoy the freedom of making bill payments with a single click by scanning the dynamic QR printed on the SLT monthly bill using the Lanka QR certified payment app. This feature was also made available with SLT e-bills.

Many other improvements are in the pipeline for the future, such as a letter tracking system, an enterprise portal for corporate customers to lodge faults, process automation, an enterprise appointment management system, increasing digital payment modes and a 360-degree customer experience dashboard, to name a few.

Customer satisfaction

At SLT, customer satisfaction is paramount and in order to understand the customer perception a year-end Customer Satisfaction Index (CSI) survey is conducted across all business segments including enterprises, consumers and SMEs. The year 2020 was themed the "Year of customer experience", and SLT continued to engage its customers in diverse ways.

Each year the Company reviews its Net Promoter Score (NPS). However, in 2020, due to the pandemic situation, a review of the NPS was not possible. Instead of face-to-face interviews with customers, a telephone survey was conducted to track customer perceptions about SLT and to understand expectations. Over 60 service attributes were assessed through this method.

In addition to the CSI and NPS studies, other mechanisms are used to assess the customers, including real-time arrangements, with service fulfilment and assurance, where on a daily basis the customers are called to obtain feedback on services provided.

The Company plans to introduce customer experience KPIs to customer touch point groups in 2021 based on successful pilot projects currently being carried out. The operational level dashboard was restructured to improve internal efficiency to streamline operations & analysis, and preventive measures will be implemented in 2021.



CUSTOMER CAPITAL



Measures implemented to enhance customer convenience

SLT's superior service standards and unparalleled level of customer convenience are evident in the speed and latency rates. SLT is the only company in Sri Lanka to provide end-to-end fibre connectivity, on dedicated lines, with data speeds of up to 1 Gbps, unlike wireless operators, where the data speeds are shared. Only SLT can guarantee the lowest latency with 84 international submarine cables for direct global connectivity. Close to 60,000 km of fibre have been laid island wide guaranteeing the highest speed, and lowest latency to customers and operators, including Sri Lanka's growing gaming community. In addition to these benefits,

- An Add-to-Bill facility was introduced for online purchases, for customers who do not have a credit card
- Home automation facilities via SLT Smart Home
- SLT Storage allows customers to access their data where ever they go
- Check home-security anytime through SLT CCTV
- Gamification was introduced to improve cognition and motor skills
- The agri-trading eco system was enhanced by introducing an e-market place for farmers and buyers, which will positively impact lifestyles of the agriculture sector

- A new queue management system was implemented in commercial touch point in 2020 for greater efficiency



Strengthening digital portals and customer care during COVID-19

During the COVID-19 period of 2020, SLT contributed towards relief and recovery by providing many concessions and relief packages to customers, while maintaining uninterrupted services and introducing other support initiatives. Customer care digital portals were strengthened and improved to ensure efficiency, while round-the-clock customer care was maintained. The most suitable packages were provided and easy payment methods and late payments were accommodated through multiple SLT platforms.

- IVR Self-care Portal - 24x7 Customer Care: 1212
- SLT Broadband Portal: www.internetvas.slt.lk
- For online bill payment: www.slt.lk/payonline
- TV for any device: PEO TV Go available on the App Store and Google Play
- SLT Broadband App: MySLT mobile app, available on the App Store and Google Play

Contact Centre

SLT Contact Centre is the main touch point of SLT customer service, that operates 24/7 while providing service to the customers through different channels, mainly as an automated self-service and as an agent assisted service.

During the year, operational capability of the Contact Centre was vastly improved with the roll-out of a new operational platform. This new platform was developed as an internal system development, realised by the skilful and experienced staff of SLT. The new platform enabled the operations of the contact centre to be more effective with many added features to the automated Interactive Voice Response (IVR) service.

As a measure of uplifting customer service, various developments were also carried out focussed on improvements to automation in voice channel, and introduction of a new messaging channel for social media platforms. Automated Interactive Voice Response (IVR) services were also introduced to serve the customers in real time which resulted in improved satisfaction levels.

SLT contact centre operates in 13 different geographical locations in Sri Lanka, and has deployed over 275 contact centre officers, who are geared to respond to an average of 22,000 calls per day. Other than voice calls that are served as agent assisted services and as IVR services, the Contact Centre also serves customers via e-mails as social media responses and as an agent support service to any complaints that have been escalated from the Chatbot service available to customers.

With the automated IVR services introduced during the year, the call handling capacity was increased to 40,000 calls per day. In 2020, the contact centre received 13.2 million calls out of which 9.8 million calls were answered, maintaining a yearly average success rate of 74% despite the challenges experienced due to COVID-19 pandemic.

CUSTOMER CAPITAL

The Contact Centre also provides contact centre solutions to external organisations as a BPO function. In 2020, the Centre operated six call centres of other institutions supported by 140 contact centre officers.

Marketing campaigns

In 2020, following COVID-19 lockdown, for the first time, all marketing activities were moved to online platforms, with extraordinary success. Two digital campaigns were conducted for the Sinhala Tamil New Year and Vesak. The New Year campaign, which went on for one week made the SLT Facebook page the fastest growing Facebook page in Sri Lanka during that time. Giving a further boost to the SLT brand, SLT was declared Sri Lanka's No.1 digital evolving brand.

A blend of digital and physical activations were maintained during the year, where in the first quarter SLT focused on connecting with customers through bill collection mechanisms, mobile trucks to customer doorstep etc., which also contributed towards the bottom-line of the Company. By mid-year the focus was on transitioning to the digital mode, to cater to customer specific requirements.

The following campaigns were conducted during the year:

- **CSR campaigns** – A tree planting campaign aligned to the Lanka Premier League (LPL).
- **To build a youthful brand affinity** – Communication initiatives, such as the Avurudu campaigns, were utilised to build brand affinity with the youth and in parallel to the LPL, the VPL was launched, which is a youth focused campaign.

- **To strengthen the emotional bond between customers and SLT brand** – loyalty data campaign and a stay-home-stay safe campaign.
- **To encourage people to stay at home** – Different packages such as Meet and Learn packages and free data to watch TV and use Instagram.
- **Mass campaigns on safety and health protocols** – “Honda purudu anagathayatayath sannivedanaya campaign.” The emotional brand focus for 2020 was “As a proud Sri Lankan, what we learnt from COVID-19 and what we should do to build a better nation.”

Digital inclusion for all

SLT's ultimate objective is to enable a digital future which is accessible to all. In this regard the Company has initiated an aggressive fibre penetration drive and achieved over 105,000 new fibre customers by end October 2020.

The Company aims to develop two million FTTH ports by 2022, from the existing 350,000 ports. SLT is rapidly enhancing its broadband footprint in Sri Lanka to better respond to growing ultra-broadband demand from customers. LKR 29 Bn. has been invested to expanding the FTTH network, Internet Protocol Television (IPTV) platform, a 4.5 generation and an optical fibre core network. FTTH port delivery target was increased to 25,000 ports per month. This target was achieved amid the height of the COVID lockdown and the Company is well on track to achieve its 500,000 target.

Future outlook

Looking towards a future defined by the new normal of the post-COVID era, SLT is gearing for a future of even greater digitisation and higher levels of convenience to take Sri Lanka to the next level. As a digitalised company keeping pace with the latest trends, SLT is aiming at transforming into a digital service provider. The future focus will be on global telecommunications trends, regulatory requirements and local

market requirements and we will focus on e-commerce, through the launch of kotch.lk, agriculture verticals, mobile app based insurance solutions and AV monetisation. Broadband will remain a primary growth area with more data bundles and enhancements towards PEO TV, and PEO Go, to accommodate YouTube and other browsing options for the creation of a smart TV hub. SLT will also launch an entertainment app and a lifestyle app.

Fibre activations is another strategic priority, which will be streamlined and driven to bring fibre to the very last village in Sri Lanka and bring fibre connectivity to a climax in 2021 through the “Gamata Sannivedanaya” campaign.

Through the CSI study, SLT will introduce new customer service indices into the survey, such as the customer effort score, first time resolution index, time to resolve index and even customer loyalty etc. to strengthen the CSI activity and continually enhance customer satisfaction.

SLT's theme will be “A happy customer and happy employee” and the Company is considering the digital customer experience in the future. As a team the objective of SLT is to increase customer loyalty, reduce churn and regain marketing leadership. SLT already has the largest government, SME and enterprise customer base.

BUSINESS PARTNER CAPITAL

SLT has built a sustainable eco-system of partnerships with local and international business entities and service providers. These partnerships and alliances help further the goal of providing excellent services for SLT's customers both near and far. The relationships built with Government, Enterprise customers, and domestic operators have also been mutually beneficial and continue to contribute towards SLT's mission of innovating for the future.

New strategic alliances, collaborations, and joint ventures

Sri Lanka Ports Authority (SLPA)	SLT signed an agreement with the Sri Lanka Ports Authority (SLPA) to provide communication services for the organisation. As per the agreement, SLT will provide a voice solution to the SLPA which will facilitate reliable communications among all the main operational points of the organisation.
Fon Wireless Limited	SLT partnered with Fon Wireless Limited to create community Wi-Fi networks which offer wireless network access to visitors and users in close proximity; thus creating a virtual, public Wi-Fi network. With the launch of sltgo, SLT broadband customers and all internet customers of Sri Lanka will be able to enjoy Wi-Fi connectivity on the go via community Wi-Fi networks – it will extend over 23 million Wi-Fi hotspot connections in over 25 countries around the world.
<i>Sri Dalada Maligawa, Kandy</i>	For the eighth consecutive year, SLT is the official ICT Service Provider of the <i>Sri Dalada Maligawa, Kandy</i> . The partnership was further strengthened with the agreement to provide a multitude of ICT solutions including Broadband services, PEO TV and voice communication via high-speed SLT Fibre technology to the Maligawa.
Colombo Law Library	SLT has extended their expertise to the Commercial High Courts of Sri Lanka with the introduction of a new Virtual Hearing Solution. The new online platform ensures court procedures continue unhindered by COVID-19 or any other similar crisis. The online system will function as a “virtual courthouse”, and will permit cases to be heard remotely with the use of video conferencing technology, minimising the number of people frequenting courthouses. It would also benefit judicial services by improving efficiency, transparency, effective analysis and inter-agency integration. The Commercial High Courts of Sri Lanka will be initially introducing this solution to their calling dates cases as a pilot project.
Epic Technology Group	SLT and the Epic Technology Group – the leading digital technology solution providers in the region – launched “Helaviru Digital Economic Centre” 2020. The revolutionary platform is a cloud-based digital marketplace that facilitates trading activities (buying and selling) of agricultural produce, farm produce and similar commodities among diverse stakeholders on a seamlessly connected supply chain. The digital eco-system also connects farmers and growers with transport and delivery service providers, fertilizer suppliers, plants and seed suppliers, agro-insurance providers, banks, and government institutes.
Peoples Bank	SLT and People's Bank signed an MOU, where People's Bank is a strategic partner in providing agri based digital loan schemes to the farmers who have been on-boarded to the Helaviru platform.
LAUGFS Holdings Limited and Softlogic Holdings PLC	LAUGFS Holdings Limited and Softlogic Holdings PLC have come on board as strategic partners of the “Helaviru” initiative, to promote the platform among agriculture stakeholders and encourage diverse stakeholders to actively use the platform for mutual benefit.
Cisco and MIT	SLT initiated a tri-party partnership with Cisco and MIT, and developed SLT SD WAN with a focus on addressing the network transformation that is necessary for the facilitation of digital transformation.

BUSINESS PARTNER CAPITAL

Multi-tenant projects partnerships

SLT is the digital services provider delivering fibre infrastructure to the residences and apartments listed in below. Residents have ultra-fast internet connectivity with download speeds of up to 100 Mbps, high quality voice services, and access to high definition TV content via PEO TV.

- Mireka Capital Land (Pvt) Ltd. for Havelock City Commercial Building
- CT Land Development PLC for Majestic City,
- Ceylinco Limited for Ceylico House
- International Construction Consortium for Mount Clifford
- Wonder Homes (Pvt) Ltd. for Wonder Home and The Mount Wonder
- Land Maark Engineering (Pvt) Ltd. for Land Mark Projects
- Elish Development (Pvt) Ltd. for Flemington
- Metro Habitat (Pvt) Ltd. for Metro Habitat
- Vishnu Engineering (Pvt) Ltd. for Vish Tower
- Aviation Industry Corporation of China (AVIC) for AVIC Astoria
- Sumi International (Pvt) Ltd. for Grand Homes
- Sirilak Trading & Development (Pvt) Ltd. for Sanasro Residencies



SLT powers “AL Kuppiya” to enhance Digital Learning for A/L Students

SLT signed an agreement with Crayons Education (Pvt) Ltd. to provide special data bundles for SLT Broadband customers to access “AL Kuppiya”, the e-learning platform. More details about this partnership is given under Customer capital on page [63](#).

SLT promotes Retail Operations with Lanka Sathosa Limited

Responding to the need of the hour, SLT has stepped forward to provide technical infrastructure in the form of developing, hosting and managing the online site on behalf of Lanka Sathosa. The initiative also compliments the Government’s objective of promoting retail operations in the country.

SME Solutions Partners

SLT signed partnership agreements with 27 SME solutions providers for a period of three years.

- Advanced Network Technologies (Pvt) Limited
- Aiken (Pvt) Limited
- Bartleet Electronics (Pvt) Limited
- Ceylon Innovation
- Ceymplon (Pvt) Limited
- Digital Content (Pvt) Ltd.
- East Link Engineering Company (Pvt) Ltd.

- EZY Distribution (Pvt) Ltd.
- Siyol International (Pvt) Ltd.
- Greenwin Technologies Lanka (Pvt) Ltd.
- Smartcom Engineering (Pvt) Ltd.
- E Solutions Lanka (Pvt) Ltd.
- Epic Lanka Technologies (Private) Limited
- Fentons Ltd.
- Finco Technologies (Pvt) Limited
- Fintechology Asia Pacific Lanka (Pvt) Limited
- Just In Time Technologies (Private) Limited
- Metropolitan Communications (Pvt) Limited
- Onestep Solutions (Pvt) Limited
- P W J Lanka Technology (Pvt) Limited
- SALA Enterprises
- Secvision (Pvt) Limited
- Starcom International & Investment (Pvt) Limited
- Softlogic Retail (Pvt) Limited
- Sri Lanka Telecom Digital Info Services (Pvt) Limited
- Sri Lanka Telecom Services Limited
- Vista Solutions (Pvt) Limited

Procurement Policies and Standards for business partners

SLT signs partnerships and makes alliances with organisations that share similar values and business ethics. The policies and guidelines that guide and determine the future of these relationships are well documented. Moreover, issues related labour practices and sustainable business operations are comprehensively covered in the Code of Ethics for suppliers.

BUSINESS PARTNER CAPITAL

Dealer support

In order to make its relationships with its dealers more fruitful, SLT constantly communicates with them to diversify their offerings. Therefore, dealers who offer data products and other ICT solutions are given the opportunity to present a wider array of products and services that will lend value to SLT and in turn benefit the dealer as well.

Supply Chain Management (SCM) excellence

Supply chain management and automation are critical to ensuring the availability of material and the distribution and running of stocks efficiently. SLT's SCM system includes inventory management, details on the stocks in hand and online reorder quantity levels to ensure smooth operations.

In addition, the Company ensures that the best quality materials are procured and that all employees are aware of the expected quality. With the help of this system we are also able to reduce wastage and the cost of material, and will also have a group level procurement consolidation plan this year.

Other partnerships

SLT partnered with following suppliers to procure Customer Premises Equipment (CPE) for SLT's Sales Outlets (RTO & Teleshop) and E-teleshop on consignment basis (CONBES).

- SALA Enterprises
- Esquire Telecom
- Sense Foreign Trade
- Siyol International (Pvt) Ltd.
- Debug Computer Peripherals (Pvt) Ltd.
- STARCOM International & Investment (Pvt) Ltd.
- Sri Lanka Telecom (Services) Ltd.

- Bell Solutions (Pvt) Ltd.
- South Asian Technologies (Pvt) Ltd.
- Epic Lanka Technologies (Pvt) Ltd.
- Finco Technologies (Pvt) Ltd.
- Softlogic Retail (Pvt) Ltd.

Future outlook

Over the years, SLT has built partnerships and sound relationships with reputed business partners. Each of these relationships has enriched SLT and also lent value to its mission of being the Nation's trusted Information and Communications Technology (ICT) solutions provider and the leading broadband and backbone infrastructure services provider. It is SLT's aim to fortify these partnerships and build a sound ecosystem of business partnerships. The Company also hopes to strengthen the supply chain in the wake of import restrictions imposed due to the pandemic by liaising with local manufacturers and obtaining credit facilities from foreign suppliers.

SOCIAL AND ENVIRONMENTAL CAPITAL

SLT's role in fortifying and building the infrastructure that will confidently carry the country forward into a digital future by innovations and value creation proved timely and effective. For large numbers of households turning to online channels for work, schooling, shopping and banking during the global pandemic, the services provided by SLT and its subsidiaries proved invaluable – allowing individuals, communities and businesses to carry out their day-to-day activities with the least amount of disruption despite the significant impact caused by social restrictions. As always, these services were provided while ensuring that SLT's impact on the environment remained minimal so all communities can conduct their daily activities smoothly and uninterrupted.

Social initiatives

SLT employees voluntarily participate in the Organisation's social initiatives through the SLT Customer Clubs. Initiated in 2016, the SLT Customer Clubs enable the Organisation to

partner with loyal customers to carry out social responsibility projects. Such projects help the Organisation fulfill its commitments to the UN Sustainable Development Goals (UN SDGs). Among other initiatives; SLT contributes towards quality education, clean drinking water and sanitation; mitigation of climate change impact and building a more sustainable future.

Supporting the Government during the COVID-19 pandemic

Dealing with a global pandemic at a time when little information was forthcoming about the nature of the virus, government organisations around the world were racing to find solutions. Sri Lanka was no different and SLT is proud to have contributed to such efforts.

As a responsible corporate citizen and the national ICT service provider, the SLT Group continues to work tirelessly

together with all factions to contain the outbreak. The Group plays a significant role in supporting the Government's response to the pandemic, having invested in initiatives exceeding LKR 350 Mn. This is in addition to the LKR 50 Mn. monetary donation to the COVID-19 Health and Social Security Fund, to enable social distancing, facilitate essential services, support the Government in its endeavours, and help restart economic activities in key sectors of the country.

SLT's contribution to the health sector during COVID-19 pandemic

SLT's generous contributions to several hospitals across the county with the support of SLT regional offices included, donation of Personnel Protective Equipment (PPE) hospitals including IDH hospital; National Hospital, Colombo; the Lady Ridgeway Hospital; Health Ministry; Defence Ministry; Apeksha Hospital, Maharagama and Army Hospital, Narahenpita.

Enabling seamless connectivity during COVID-19

24x7, customer service
via Contact Centre

Comprehensive connectivity solutions
provided to
12 quarantine centres
18 state institutions
16 hospitals
30 police stations

Free data
worth
LKR 65 Mn.

100,000
quick service restorations

SOCIAL AND ENVIRONMENTAL CAPITAL

Prisons connected with their family members

To prevent the rapid transmission of COVID-19 within the Sri Lanka prisons, SLT conducted a CSR programme for self-quarantined prisoners, and provided communication solutions to the Department of Prisons, free of charge. This solution facilitated inmates in prisons across the island, to contact their closest family members during lockdown.

SLT also provided broadband connections to the Department of Prisons, which allowed prisoners to appear in court using Skype technology at Colombo Prison and the Magazine Prison.

Solutions to conduct judicial proceedings unhindered

SLT, enabled the High Courts of Sri Lanka to function as a “virtual courthouse”, by providing a new virtual hearing solution. This paved the way towards an automated judicial system, permitting cases to be heard remotely with the use of Video Conferencing technology and minimising the number of people frequenting courthouses.

Facilitating Government initiatives to contain COVID-19

SLT solutions for the containment, identification and testing of the virus included:

- **AWS Cloud-hosted AI-based Analytic Solution** – analysing mobile subscriber data to track infected persons and the movements of potentially infected persons
- **Huawei Cloud-hosted AI-assisted Diagnosis Solution using CT scans** – increasing accuracy, reducing time of diagnosis and human involvement

- **Video Collaborative Platform Solution** – allowing 10 hospitals and a centralised hospital command centre to collaborate using multi-point video conferencing, helping to manage overall operations and remote professional healthcare assistance
- **Digital Health Services powered by Mobitel** – focusing on data security and confidentiality while providing accessibility to essential services for high-risk groups
 - **1999** – Health Promotion Bureau Help Line with automated S/T/E SMS alerts for COVID-19 Info Seekers and Ambulance Services
 - **0710301301** – National Dangerous Drugs Control Board Counselling Hotline for those with drug dependency withdrawal symptoms
 - **25 lines** – National Cancer Institute Maharagama clinics
 - **0710301225** – Hotline to Sri Lanka College of Obstetricians and Gynaecologists for expectant mothers
 - **247/1247** – Sri Lanka Medical Association Hotline for Senior Citizens and General Medical Advice

Sharing timely, credible information at a national level remained crucial for prevention and treatment during the year under review. Some of these sources include:

- **World Health Organization** – To share credible information about COVID-19, protective mechanisms and safety measures
- **Health Promotion Bureau** – To share local content regarding COVID-19 and offer advisory services to people who are in need

A range of communications solutions pertaining to the containment, identification, and testing of the COVID-19 virus were provided to hospitals, national operation centres and emergency services institutes that are

carrying out essential duties against the COVID-19 pandemic including:

- Colombo Quarantine Operations Centre
- National Operation Centre for Prevention of COVID-19 Outbreak

Helping communities through the pandemic

SLT and Mobitel donated dry ration packs comprising basic essentials and other nutritional food items to communities in need, during the pandemic.

Essential food items distributed during COVID-19

Employees in regional SLT offices distributed essential food items to several needy families in their respective divisional secretariats. These families had been unable to provide for their daily needs due to the nationwide pandemic-induced curfew.

The one million masks donation campaign

Sri Lanka Telecom PLC and SLT Mobitel together with *Manusath Derana* carried out SMILE WITHIN: the one million masks donation and awareness campaign that helped to make Sri Lanka a much safer place. The campaign started in Colombo and continued in public places around the country including the Northern and Eastern Provinces.



SOCIAL AND ENVIRONMENTAL CAPITAL



Encouraging staying at home incentives and services

SLT and Mobitel offered free data, concessionary rates, and services to encourage Sri Lankans to stay at home and stay connected. These included,

- Continuous connectivity
- Extended facilities door-step/mobile services
- 750,000 GB free data consumed
- Free services, concessionary rates

Helping people connect, engage and celebrate life through the power of technology

Uplifting education

The SLT Group identifies education as one of the most important investments that can be made towards the youth, as the future of this Nation. In this regard, SLT and Mobitel in partnership with “Manusath Derana” transformed 25 decommissioned Sri Lanka Transport Board (SLTB) buses into modern and fully equipped libraries. Equipped with WiFi connectivity, these libraries will act as learning centres providing

equal opportunities for students and inculcating the crucial habit of reading.

Popularity and encouragement of online education saw an overall rise due to the COVID-19 pandemic. SLT launched SLT eSiphala, the online teaching platform, and A/L Kuppiya, learning packages to facilitate this increased dependency on online teaching and learning.



The Company also conducted free online computer coding programmes on Sundays, partnering with STEMUP Foundation. The main objective of this initiative was to strengthen computer literacy of school children while most of them remained at home due to the pandemic situation.

SLT continues as ICT partner of Sri Dalada Maligawa

SLT has strengthened its partnership as the official ICT Service Provider of the Sri Dalada Maligawa, Kandy for the eighth consecutive year. Following a signed agreement SLT provided ICT solutions including broadband services, PEO TV, and voice communication via high speed SLT Fibre technology to the Maligawa free of charge to facilitate the broadcasting and sharing of cultural and religious information with the public, including regarding the *Esala Perahara*.

SOCIAL AND ENVIRONMENTAL CAPITAL

SLT illuminates Christmas, spreading joy and cheer

SLT lit up the skies with its Christmas tree, in celebration of the spirit of Christmas. This was part of its continuous efforts to spreading joy and good cheer to the entire Nation during the difficult times.

Celebrating Thaipongal with a school in Jaffna

SLT conducted a special event at *Colombuthurai Thuraiyappa Vidyalaya* in Jaffna to celebrate Thaipongal. This was one among a series of corporate social responsibility initiatives conducted by the Company to uplift rural schools as well as foster cultural and religious harmony and encourage social cohesion among the different communities in Sri Lanka. Several SLT staff from Colombo and Jaffna attended the function to celebrate the event as one family. Parallel to the event, SLT distributed nutrition packs to the needy villagers, stationery and school books to deserving students and distributed computers and accessories to the school to encourage and support ICT education. A SLT broadband connection with a 12-month rental waive was provided to the school as well.

Supporting City Bus Service

SLT and Mobitel supported Government's efforts to reduce traffic congestion and promote safe and secure travel in Colombo through the "Park and Ride" city bus service. These buses will be yet another platform for Sri Lankans to experience SLT-MOBITEL's world class Wi-Fi connectivity services on the go. As the national telecommunication service provider, SLT is committed to supporting Government efforts of taking Sri Lanka towards a knowledge rich society.

Uplifting the rich heritage of Sri Lanka

In its endeavour to bring to the forefront, the value, beauty, reflection, pride, and immortality of the Sri Lankan culture under the theme "Preserving heritage for tomorrow", SLT launched its calendar for 2020 on the theme "Narration of Art", to re-emphasise the value of art and to project the historical background and different artistic methods to future generations.

Supporting eCommerce

In an effort to uplifting the livelihood of the stakeholders of the agriculture sector in Sri Lanka, SLT supported the operation of the "Helaviru" Digital Economic Centre Online Platform. The Company facilitates to host the platform in its state-of-the-art SLT iDC ensuring reliability and security backed by professional support.

Connecting rural villages and schools

Mobitel paved the way for rural schools to embrace digital leanings and carry out their educational curriculums in a hassle free manner by establishing smart classrooms with internet and digital facilities and providing connectivity to rural villages. Furthermore, Mobitel partnered a key television station to convert decommissioned SLT busses into fully-fledged libraries with internet and other digital facilities.

Bus shelters to rural areas

Through the "Shelter in Our Hands" project, Mobitel installed bus shelters in remote rural areas via upcycling. This project has made travel a stress-free experience for the people in the villages. The project has benefited both the community and the environment.

Environmental initiatives

Green Premier League 2020



SOCIAL AND ENVIRONMENTAL CAPITAL

SLT and Mobitel joined forces to launch an exemplary green initiative project along with Sri Lankan Premier League (LPL) 2020. Titled “SLT – Mobitel Green Premier League” (GPL), it is a sustainable environmental conservation project. According to the winning score of each team in every match of the LPL, SLT and Mobitel planted an equivalent number of plants as a forest restoration initiative across six hectares of the Rajawaka forest reserve in Kalthota, Balangoda.

By the end of the LPL tournament, 4,000 saplings were planted in the forest reserve. A sustainable maintenance programme with the Forest Department was also implemented in accordance with UN Sustainable Developments Goals. This pioneer project is unparalleled within the context of premier league cricket anywhere in the world.

The Rajawaka Forest reserve has been identified as a rich biodiversity site and also the major water catchment area for the Samanalawewa Reservoir. As the national telecommunications service provider, SLT hopes to inspire sports fans and the youth of the country to undertake their own steps towards environmental conservation and sustainability.

Carbon Footprint Certification

Being the first Sri Lankan telecommunications operator to receive ISO 14064-1:2018 certification, SLT has successfully carried out a greenhouse gas (GHG) emissions assessment and been declared a carbon neutral certified organisation thus continuing the certification for another year.

Offering SLT stakeholders’ assurance of the Organisation’s compliance with internationally recognised GHG emission reporting standards and its commitment to society and the environment, the ISO 14064 is a series of international standards developed by the International Standards Organisation (ISO) to address the quantification and reporting of GHG emissions for organisations.

Responsible eWaste management

Understanding the adverse impact electronic devices have on the planet, SLT and Mobitel together, partnered with the Central Environment Authority (CEA) on a national level eWaste collection drive. Continuing the partnership, SLT and Mobitel supported the CEA to communicate their message to the wider audience by using ATL and BTL mediums. The campaign resulted in collecting 41 MT of eWaste.

Air pollution research in Kandy

Even as air pollution is increasingly becoming an eminent threat to humanity, Mobitel in collaboration with the University of Peradeniya, conducted a research on air pollution in Kandy. Mobitel will be the connectivity partner facilitating data transmission of air pollution monitoring sensors.

Promoting Green concepts

With the aim of reducing its environmental impact, Mobitel embraced the green concept, encouraging its employees, partners and other supply chain partners to think green. The initiatives included reducing paper

wastage and converting to energy efficient power sources. The customers were encouraged to switch to eBilling in an effort to reduce paper consumption. Employees were encouraged through an intranet communique to reduce polythene use, eliminate single-use plastic and switch to biodegradable paper bags and cloth bags.

Reforestation drive

In partnership with *Thuru*, Mobitel launched a unique digital reforestation drive named “Reforestation through Technology.” The concept creates an ideal balance of both technology and greening, while engaging the larger community to become conscious of the need to reforest Sri Lanka for future generations. This initiative was shortlisted for the “Best Mobile Innovation for Climate Action Award” at GSMA Global Mobile Awards 2020.

Future outlook

SLT will continue to empower Sri Lankans by providing innovative and exciting communication solutions and experiences, contributing towards a Digital Sri Lanka. As a socially responsible entity, our commitment towards social and environmental causes remain paramount in our strategic direction, spearheaded by our Board and Management. We will continue to offer support wherever possible in uplifting the lives of the Sri Lankan people, whilst also ensuring the protection and restoration of the natural environment for future generations.

REGULATORY CAPITAL

The telecommunication industry in Sri Lanka is governed through stringent regulations and policies by multiple authorities in various aspects including but not limited to the telecommunication systems license regime, service provider license regime, spectrum license regime, media and broadcasting license regime, Interconnection regime, external gateway license regime, vendor license regime, tariff regulations, tax and levy regime, equipment importations regulations, consumer rights, copyright, data protection, cybersecurity, environmental regulations, competition and compliances, quality of services, financial regulations. The respective authorities set directives from time to time to protect consumers and the industry, retain healthy industry competition, servicing unserved and underserved communities and maintain technical standards to ensure compatibility between operators and devices and also aligning and abiding with the global standards declared by international regulatory authorities.

The telecommunication industry is considered as an important infrastructure for a country for economic and social activities which impacts economic growth and lifestyle of the people. Thus, ensuing quality and affordable communication and internet facilities to all have become key considerations for the governments where it is the vehicle for digital economies. Telecommunication industry plays a key role in attaining UN Sustainable Development Goals of the country.

Telecommunications Regulatory Commission of Sri Lanka (TRCSL) is vested with telecommunication regulatory powers by Sri Lanka Telecommunications Act No. 25 of 1991 as amended by the Act No. 27 of 1996. TRCSL regulates the extensive scope of the entire industry including licensing framework, spectrum management, technology regulations, price regulations, asset management, competition, consumer rights, security assurance with data protection, privacy and cybersecurity, charging systems and quality of services which all are paramount important of the telecommunications industry in Sri Lanka. There are a few other government institutions which construe direct influential regulatory authorisation in the telecommunication industry namely the Board of Investments, Ministry of Technology, Ministry of Mass Media, Ministry of Finance, Right to Information Commission, Consumer Affairs Authority, Central Environmental Authority, Customs of Sri Lanka, and the Central Bank of Sri Lanka.

Regulatory licensing

SLT Group has been granted the licenses to operate telecommunication systems as defined in the licenses by TRCSL to provide Island-wide services which include but not limited to fixed wired, fixed wireless, mobile, international, satellite, internet services, data services, carrier grade Wi-Fi, 4G LTE networks, point to point, microwave and other radio networks. More importantly SLT was awarded with the license as the National Backbone Network (NBN) Service Provider in Sri Lanka as per the Cabinet Approved Policy for the NBN. Under this license, SLT functions as the NBN operator, delivering NBN services of fibre access networks and international capacities via the Company's advanced fibre optic based nation-wide communication backbone. Further, SLT is aggressively rolling out FTTH PON networks as well as international cable networks.

Mobitel (Pvt) Ltd. is a fully-owned subsidiary of SLT that has licenses issued by TRCSL for Mobile Network Operations Island-wide including providing of mobile telecommunication services, indoor and outdoor Wi-Fi, and several licenses related to spectrum for 2G, 3G, and 4G technologies. Mobitel also holds an external gateway operator license and a vendor license. On top, Mobitel carries a license from the Central Bank of Sri Lanka for mobile money operations.

SLT Group was allocated with spectrum in bands of 850 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz for voice, data and broadband services, operates island-wide with mobile and fixed wireless networks. CDMA operations has been shut down recently due to technology obsolesce.

REGULATORY CAPITAL

SLT is the pioneer IPTV license holder in Sri Lanka, Licensed by Ministry of Mass Media for establishing the IPTV operations. Further, SLT has been granted Direct To Home satellite license for PayTV operations island-wide using satellite technology. Vendor license is also issued to SLT for telecommunication related equipment dealings.

Regulatory assets of SLT

In lieu with regulatory permissions, SLT Group has built extensive networks rightfully up to the premises of its customers which are operated with high quality, least disturbances, and interruptions

- Island-wide fibre optic high-speed backbone network with more than 50,000 km in cable lengths
- Island-wide copper and FTTX access network with high-speed access network capability
- Island-wide 2G, 3G, 4G LTE, Wi-Fi networks in both fixed, wireless, and mobile space with radio spectrum for frequencies.
- Five international submarine cable systems connecting with state-of-the-art technologies and lowest latencies with many parts of the world
- IPTV content broadcasting/multicasting/unicasting infrastructure, content rights and content library
- Mobile money mCash operations and technologies
- Modern technologies and platforms of IP and digital capabilities with enhanced security firewalls including but not limited to tier IV ready data centres, multi-cloud platforms.
- Extensive island-wide passive telecommunications infrastructure including but not limited to telecommunications towers, poles, and ducts of both fixed and mobile operations.
- Brand names and goodwill as a public enterprise in Sri Lanka by owning majority government shares.
- Yielding support to the regulatory in devising new proposals in relation to the national requirement
- Necessary approvals for business operations and investment protections
- Regulatory and legal compliances including but not limited to consumer rights, data protections, intellectual rights, quality of services, National security obligations.

Key roles in Regulatory Affairs Arm aimed to ensure

- Necessary license instruments for business operations from the regulatory authorities as enacted by law to continue its business operations with growth momentum.
- Necessary spectrum allocations for the deployment of mobile and wireless technologies including 4G operation, 4.5G and 5G operations.
- Active presence in processes where revisiting, making and amending policies, directives, regulations and acts related to the telecommunication industry, protection of rights of organisation against anti-competitive practices or unlawful activities in industry by making regulatory and judiciary complaints of such unlawful acts.

EMPLOYEE CAPITAL

SLT's employee capital is one of SLT's most fundamental resources and is at the heart of its business model and value creation process. The people of SLT are tasked with executing the corporate strategy and representing the corporate brand with proficiency and integrity. SLT strives to create an environment in which the employees feel valued, recognised, and connected to SLT's wider purpose. This, in turn, empowers them to do their best work, realise their full potential, and drive the success of the Company.

Key Initiatives during 2020

The challenges brought about by the COVID-19 pandemic made 2020 an unprecedented year. It was imperative to provide uninterrupted services to SLT customers, whilst safeguarding the employees' health. At the onset of the first wave of COVID-19 a cross-functional Crisis Management Team was established to organise and oversee SLT's response. The Business Continuity Plan was implemented covering all key areas of the organisation including safeguarding employees' health and safety. The top management was present in office almost every day to make swift decisions as the situation evolved. The staff were assigned to work around the clock to maintain operations, with technical teams designated to attend to all service inquiries, and field teams deployed to attend onsite service concerns. Work was implemented on a roster system to minimise employee visits to work locations. When their presence was required, employees were given clear instructions on health and safety protocols and provided with PPE and sanitisers.

For the majority of the Company's staff, Work From Home (WFH) arrangements were implemented and remote access to systems like ERP and CRM were facilitated. A flexible approach was the order of the day – staff took on multiple roles, and were allocated to areas of need. Staff were kept abreast of all developments and decisions immediately through email, SMS, WhatsApp and Viber, and work processes were made as simple as possible to allow staff to efficiently and accurately meet customer experiences during this difficult period. Transport was provided to all employees in curfew areas, whilst looking after all their other requirements. The Company was able to provide uninterrupted service to customers during the lockdown due to the commitment, adaptability, and resilience of its people.

To protect the Company's most vulnerable staff members, many initiatives were implemented to better care for the employees. These included conducting periodic random PCR and Antigen tests and having designated isolation rooms in every office, along with a transit centre, to house employees who contract COVID-19 until they can be transported to quarantine. Preparations have been made in hotels to accommodate infected employees during their quarantine period, including the Company's Retreat Center at Poththodai, Negombo. 8,000 priority vaccines have been requested from the Ministry of Health.

It is noteworthy that the Company managed to successfully recruit all staff of Human Capital Solutions (HCS) who have been deployed at SLT, numbering about 1,800, within short period of 3 weeks. Competency assessments and development plans were designed for Sales Staff (RTOM and SME) to further strengthen the sales function and in promoting a sales culture. Also, a new organisational structure was implemented in order to better align the growth and development of the Company with requirements of future.

Workforce profile

A diverse culture comprising people with different social and cultural backgrounds and a variety of life, educational, and work experiences is essential to providing a superior quality of service. A workforce that is truly representative of Sri Lanka has the potential to support market relevance and act as a catalyst for innovation. SLT is committed to promoting diversity through all levels of the organisation, up to and including leadership, and are particularly proud of the strides that have made in, including women in the workforce. Despite being a tech company, a field in which women are traditionally underrepresented, women comprise 25% of our workforce.

EMPLOYEE CAPITAL

Total workforce by employment type

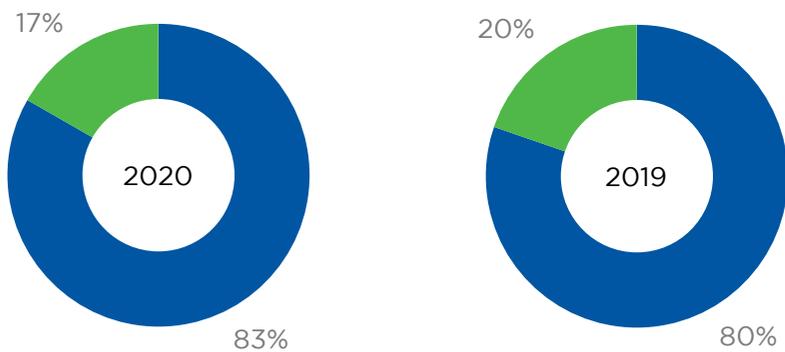
Type of employment	Fixed ICT			Mobile ICT			Overall ICT		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Permanent	6,692	5,217	5,364	1,313	1,165	1,165	8,005	6,382	6,529
Contract	83	18	8	49	122	113	132	140	121
Outsourced	12	1,667	1,869	30	162	156	42	1,829	2,025
Total	6,787	6,902	7,241	1,392	1,449	1,434	8,179	8,351	8,675

Total workforce by gender

Grade	Male			Female			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Fixed ICT operations	5,050	3,820	3,940	1,725	1,415	1,432	6,775	5,235	5,372
Mobile ICT operations	976	908	892	386	379	386	1,362	1,287	1,278
Overall ICT operations	6,026	4,728	4,832	2,111	1,794	1,818	8,137	6,522	6,650

Excludes both outsourced and part-time staff

Total workforce by business segment



■ Fixed ICT operations ■ Mobile ICT operations

EMPLOYEE CAPITAL

Employees by business segment, age and gender

Fixed ICT operations

Age group	Male			Female			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
18-30 years	590	140	134	298	40	63	888	180	197
31-40 years	1,564	940	979	558	490	424	2,122	1,430	1,403
41-50 years	1,454	1,300	1,329	396	430	468	1,850	1,730	1,797
Over 51 years	1,442	1,440	1,498	473	455	477	1,915	1,895	1,975
Total	5,050	3,820	3,940	1,725	1,415	1,432	6,775	5,235	5,372

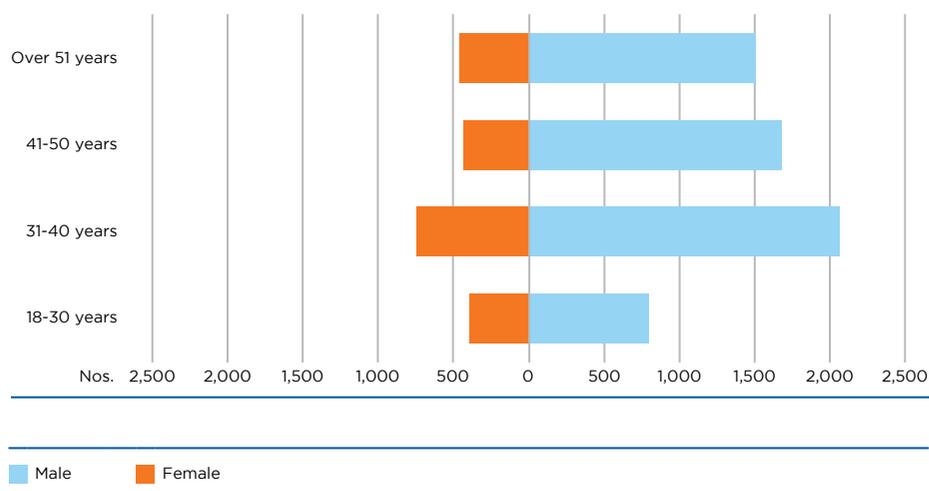
Excluding both outsourced and part-time staff

Mobile ICT operations

Age group	Male			Female			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
18-30 years	204	224	234	109	118	131	313	342	365
31-40 years	492	447	451	216	212	213	708	659	664
41-50 years	219	182	154	54	45	37	273	227	191
Over 51 years	61	55	53	7	4	5	68	59	58
Total	976	908	892	386	379	386	1,362	1,287	1,278

Excluding both outsourced and part-time staff

Age analysis - Overall ICT operations



EMPLOYEE CAPITAL

Employees based on grade

Grade	Fixed ICT			Mobile ICT		
	2020	2019	2018	2020	2019	2018
Senior Management	72	60	61	67	65	66
Middle Management	118	123	113	376	356	352
Executives	705	787	776	890	863	857
Non-Executive staff	5,880	4,265	4,422	29	3	3
Total	6,775	5,235	5,372	1,362	1,287	1,278

Excluding both outsourced and part-time staff

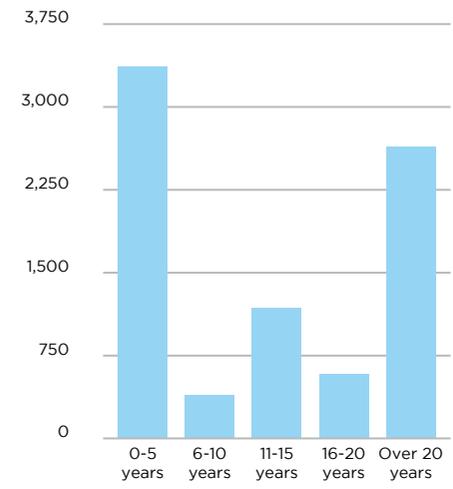
Employees based on grade and gender

Grade	Fixed ICT			Mobile ICT		
	2020	2019	2018	2020	2019	2018
Senior Management - Female	11	10	10	7	7	8
Senior Management - Male	61	50	51	60	58	58
Middle Management - Female	22	21	20	81	77	74
Middle Management - Male	96	102	93	295	279	278
Executives - Female	267	269	262	297	295	304
Executives - Male	438	518	514	593	568	553
Non-Executive staff - Female	1,425	1,115	1,140	1	0	0
Non-Executive staff - Male	4,455	3,150	3,282	28	3	3
Total - Female	1,725	1,415	1,432	386	379	386
Total - Male	5,050	3,820	3,940	976	908	892

Excluding both outsourced and part-time staff

Service analysis

Nos.



Number of years of service	Fixed ICT			Mobile ICT			Overall ICT		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
0-5 years	2,806	1,054	893	556	405	455	3,362	1,459	1,348
6-10 years	192	112	203	206	220	286	398	332	489
11-15 years	804	960	878	380	403	436	1,184	1,363	1,314
16-20 years	387	269	325	198	205	56	585	474	381
Over 20 years	2,586	2,840	3,073	53	54	45	2,639	2,894	3,118
Total	6,775	5,235	5,372	1,393	1,287	1,278	8,168	6,522	6,650

Excluding both outsourced and part-time staff

EMPLOYEE CAPITAL

Employees worked from home by grade/ gender - Fixed ICT Operations

Grade	Male	Female	Total
Executive	406	223	629
Non-executive	1,935	702	2,637
Total	2,341	925	3,266

Recruitment & Talent Development

SLT's talent sourcing and management strategy which involves attracting, developing, and retaining the right people is a driving factor for its business success and long-term sustainability. This strategy is not simply about hiring staff with the requisite skills. It involves a more holistic approach to creating the right values and culture where staff are empowered to develop in a rapidly evolving operating environment. To that end, the following pillars are prioritised:

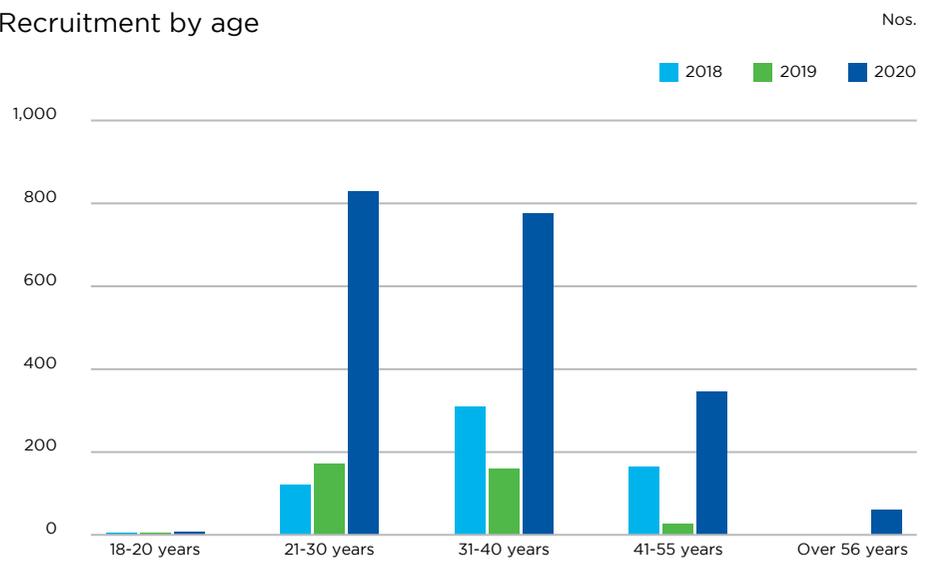
- Identifying the short-term and long-term competency requirements of the organisation in line with organisational strategic plans and objectives
- Designing, developing and sourcing learning solutions with learning objectives to bridge the identified competency gaps
- Timely delivery of learning solutions through effective methodologies utilising physical and technological resources
- Evaluating the learning outcomes and ensure continuous improvements

During 2020, the entire Human Resources process was digitalised, and an online application for external recruitment was introduced, along with online interviews and placements for interns. In addition, all promotion procedures were digitalised, and a plan is in place to introduce an online examination for recruitment.



Despite the challenges of the pandemic, there was no downsizing of staff. SLT recruited approximately 1,800 employees of its subsidiary; Human Capital Solutions (HCS) as permanent employees over a period of three weeks. This is a notable feat for a corporate to recruit such a significant number of employees during the pandemic. This aligns with the Company's broader recruitment strategy. SLT has a robust recruitment procedure, involving sound interview and trade testing processes to absorb quality individuals directly to SLT on a permanent basis.

Recruitment by age



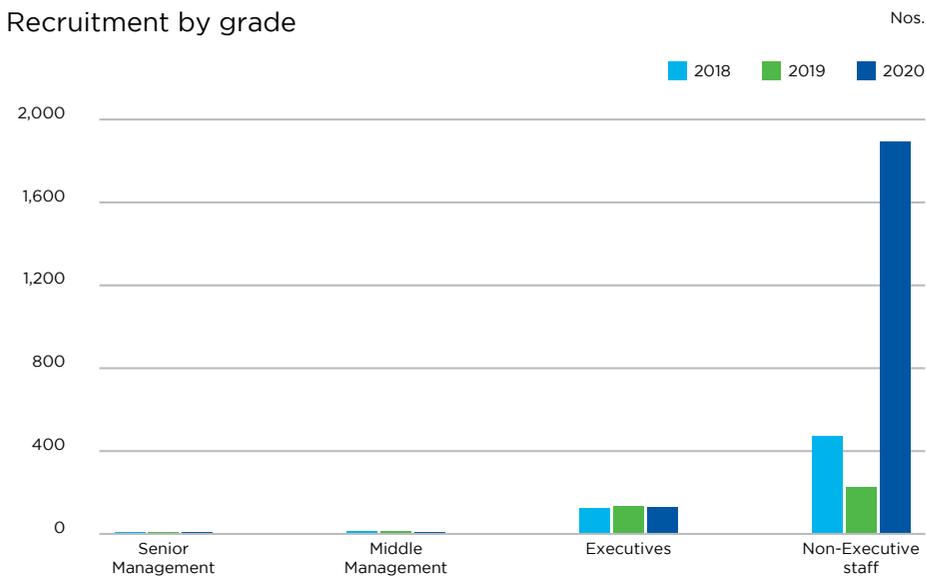
EMPLOYEE CAPITAL

Recruitment by age and business segment

Age	Fixed ICT			Mobile ICT			Overall ICT		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
18-20 years	5	0	0	0	3	2	5	3	2
21-30 years	774	96	18	55	75	103	829	171	121
31-40 years	707	141	295	70	17	15	777	158	310
41-55 years	317	24	162	29	1	2	346	25	164
Over 56 years	60	0	0	2	0	0	62	-	-
Total	1,863	261	475	156	96	122	2,019	357	597

Excludes both outsourced and part-time staff

Recruitment by grade



Recruitment by grade and business segment

Grade	Fixed ICT			Mobile ICT			Overall ICT		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Senior Management	1	1	1	-	-	-	1	1	1
Middle Management	-	-	-	5	10	8	5	10	8
Executives	3	41	5	122	86	114	125	127	119
Non-Executive staff	1,859	219	469	29	-	-	1,888	219	469
Total	1,863	261	475	156	96	122	2,019	357	597

Excludes both outsourced and part-time staff

EMPLOYEE CAPITAL

Turnover

Turnover at SLT may occur through the following scenarios:

- Employees may conclude their employment at SLT subject to giving prior notice as per their letters of appointment.
- SLT may choose to terminate an employee's employment subject to the provisions of the respective labour agreements.
- Retirement at 55 years of age, with extensions up to 60 years of age subject to performance, discipline, conduct and with discretion of the Management.

SLT's employee turnover is extremely low - at 5.9% in 2020 (including retirements). This is a strong affirmation of the Company's value proposition and brand as an employer offering life-long careers. SLT aims to create value for its employees by providing job security, industry-leading remuneration and benefits, a healthy work-life balance, fulfilling roles that allow staff to utilise their skills and talents, and opportunities for training, development, and advancement.

Employee turnover by grade and business segment (%)

Grade	Fixed ICT			Mobile ICT		
	2020	2019	2018	2020	2019	2018
Senior Management	9.5	11.8	8.2	0.23	0.16	0.32
Middle Management	1.6	6.0	5.3	1.51	2.03	1.68
Executives	7.8	11.6	10.9	3.70	4.77	3.91
Non-Executive staff	5.6	6.9	10.7	0.08	0.00	0.00
Total	5.9	7.6	10.6	5.51	6.95	5.91

Excludes both outsourced and part-time staff

Employee turnover by age and business segment (%)

Age	Fixed ICT			Mobile ICT		
	2020	2019	2018	2020	2019	2018
18-20 years	0.0	0.0	0.0	0.00	0.00	0.00
21-30 years	0.8	12.6	8.4	1.96	2.97	2.79
31-40 years	0.8	2.6	1.9	2.34	2.97	2.47
41-50 years	0.4	1.5	3.6	0.45	0.39	0.24
51-55 years	1.2	3.1	12	0.38	0.08	0.08
Over 56 years	33	27.9	28.3	0.38	0.55	0.32
Total	5.9	7.6	10.6	5.51	6.95	5.91

Excludes both outsourced and part-time staff

Employee turnover based on business segment (%)

segment	Male			Female		
	2020	2019	2018	2020	2019	2018
Fixed ICT operations	6.00	8.40	11.35	5.50	5.50	8.70
Mobile ICT operations	4.00	4.22	4.15	1.51	2.73	1.76

Excludes both outsourced and part-time staff

Turnover includes retirements

EMPLOYEE CAPITAL

Training and development

SLT's fundamental training objective, in line with its transition to a digital services provider, is to create a highly digitally-capable workforce. One of the side-effects of the COVID-19 pandemic has been to spur digital transformation. With the introduction of WFH systems, the automation of HR functions, and shift of training programmes (on Python, Data Science, and AI) to online platforms, employees are being exposed to an increasingly digitalised workplace. The staff are also encouraged to embrace new ways of working and explore opportunities to develop new skills that will enable to thrive in the digital space.



Employee training and development is conducted at an individual and departmental level. Employees are provided with a combination of formal training, on-the-job experience, and regular feedback from their managers through an appraisal system helps both employees and management to identify areas that require more focus. During the year under review, employee skill assessment methodology was enhanced and the Company has a rigorous internal certification programme in which employees are assessed and certified every three years.

The SLT Training Centre has established a partnership with the University of Hartfordshire to offer UGC recognised Engineering degree programmes in Sri Lanka, in three disciplines – computer science, telecommunication and electrical engineering. The Training Centre also

offers several other programmes including City & Guilds; Pearson courses. The Centre comprises three fully equipped centres – two main centres at Welisara and Moratuwa and regional training centres at Peradeniya. This year, as a result of the pandemic, virtual and online training was encouraged, and limited the number of in-person sessions. The online training programmes served 1,609 total participants across 6,138 training hours. In all physical classrooms, Government guidelines were followed in implementing safety measures.

Beyond these formal classroom and online training spaces, SLT seeks to promote a culture of continuous development through access to learning experiences that are more informal and more loosely structured. A large component of this is tapping into SLT's rich store of tacit knowledge – built over

163 years of operations – through formal and informal social interactions and discussions.

SLT conducted 360 training programmes during the year for 7,324 participants, covering a total of 11,108 training days converted to 66,649 hours of training.

Training programmes conducted in 2020

The range of training programmes covered induction of new recruits, introduction to Data Science, awareness series on SLT Technical Platforms and overall network (Data Centre, ISP etc.) and Python Programming for Data Science. The programmes also included Employee Engagement for better Customer Engagement, Contact Centre Team Leaders Workshop and Project Management Professional programme.

Hours of training by grade

Fixed ICT

Grade	Total hours	Total participants
Senior Management	1,705	195
Middle Management	7,626	1,240
Non-executives	57,318	5,889
Total	66,649	7,324

Mobile ICT

Grade	Total hours	Total participants
Senior Management	1,361	97
Middle Management	4,594	347
Executives	5,752	418
Non-executives	0	0
Total	11,707	862

Excludes both outsourced and part-time staff

EMPLOYEE CAPITAL

Hours of training undergone during the year by gender and skills type

Fixed ICT

Type	Number of employees			Number of person hours of training		
	Male	Female	Total	Male	Female	Total
Technical skills	2,864	803	3,667	27,976	1,303	29,279
Soft skills (Non-Technical)	2,548	1,109	3,657	24,586	12,784	37,370

Mobile ICT

Type	Number of employees			Number of person hours of training		
	Male	Female	Total	Male	Female	Total
Technical skills	101	56	157	332	208	540
Soft skills (Non-Technical)	222	106	328	3,404	1,338	4,742
Other	284	118	402	4,221	2,310	6,531



Benefits and promotions

Despite the many economic challenges brought about by the pandemic this year, SLT guaranteed that employees would be granted their full salary and benefits, and provided a risk allowance and an additional four-month bonus to all employees. The Company strongly felt it was important to affirm and strengthen its commitment to the staff in a period of much anxiety and uncertainty about the future. This financial commitment was rare in the corporate sector this year, and demonstrates SLT's position as a top employer brand. SLT maintains a remuneration policy in par with market rates.

Employees of SLT enjoy a broad range of benefits and welfare initiatives, including:

- Attractive EPF/ETF contributions
- Attractive bonuses paid each year
- A maximum leave bonus of one month for unutilised leave
- Medical centre, and Agrahara Health Insurance Scheme
- Financial support for higher education, including MSc, MBA, and other postgraduate studies
- Training programmes
- Workmens' compensation for disabilities/accidents during work
- Allowances for risk, overnight, subsistence, transport, meals, foreign training, etc.
- Monthly and annual sales programmes
- Gratuity
- Death donations to family members
- Vehicle scheme
- Holiday bungalows
- Cafeteria facilities
- Loan facilities and reimbursement of housing loan interest
- Leave entitlements, overseas leave, and leave for Government elections

EMPLOYEE CAPITAL

- Telephone subscriptions and mobile phone purchase reimbursement
- Fitness programmes including Zumba, yoga, karate, swimming, cycling, etc.
- Sports activities and associations for cricket, football, netball, athletics, volleyball, table tennis, badminton, etc.
- Religious activities such as Buddhist programmes, Christmas activities, etc

Opportunities for promotions are available to employees based on their professional qualifications, performance, and experience. Employees are eligible for promotions if they qualify for the criteria defined in the SLT Staff Recruitment and Promotion Scheme. Candidates are selected for promotions through written examinations and/or interviews.

SLT places heavy emphasis on grooming talent from within through succession planning and leadership development initiatives. This year, SLT completed a plan for the top Management to ensure a strong leadership pipeline. Based on this plan, individual development plans will be created for identified officers. During the year, 79 supernumerary promotions were granted and 768 non-executive staff and 97 executive staff were promoted.

Employee relations and engagement

The year under review presented unique challenges for employee engagement following the COVID-19 pandemic. The Company's multi-generational staff representing a wide cross-section of Sri Lankan society, faced numerous challenges and SLT developed a range of WFH options to create stress-free conditions. Home-to-Field concept was created for field and operational staff, to address customer issues in a speedy and efficient manner. Work from pods enabled staff to work at locations close to their home. The Company SLT focused on team morale and connection by creating various virtual learning programmes and having frequent contact through online meetings.

Unions and grievance handling

SLT has maintained open, transparent dialogues with trade unions since its privatisation. The strength of these relationships is evident in the fact that despite having 25 trade unions and nearly all employees being union members, SLT have not had any work lost time due to industrial disputes. The Company maintains an open-door policy with trade unions and at least one formal discussion is conducted with all trade unions every three months. SLT considers unions as stakeholder and partners and seek to involve them in the decision-making processes.

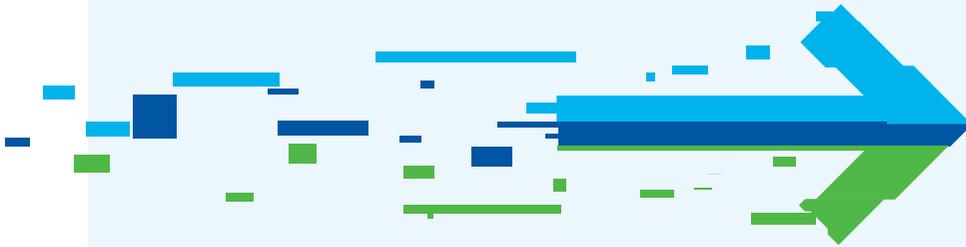
Furthermore, a Grievance Handling Committee has been established along with a systematic and comprehensive mechanism to handle any staff grievances and issues. A detailed whistle-blowing policy is in place to allow any employee to safely and anonymously report any acts of misconduct that they have been subject to or witnessed.

Future outlook

In 2021, SLT will capitalise on the gains made in its digital transformation. At the heart of it is, recognising that the world of work is undergoing a rapid transformation. Even as digitalisation and artificial intelligence are increasingly shaping the job roles, SLT will continue to adapt and be an agile organisation, nurturing a team of passionate, productive, and self-driven workforce.

SLT's strategy for the next year involves retaining the WFH, Work from Pod (WFP), and Home to Field concepts, and developing policies to make them permanent fixtures in the Company's range of work options. The Company will offer flexible working hours, and transfer majority of its training to online platforms. These options will put SLT people in the best position to succeed and create value for the clients.

AN ORGANISATION OF REPUTE



102	<u>BOARD OF DIRECTORS</u>
107	<u>EXECUTIVE MANAGEMENT</u>
114	<u>SUBSIDIARY CHIEF OFFICERS</u>
116	<u>CORPORATE GOVERNANCE</u>
126	<u>AUDIT COMMITTEE REPORT</u>
129	<u>REMUNERATION AND NOMINATION COMMITTEE REPORT</u>
130	<u>REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE</u>
131	<u>ENTERPRISE RISK MANAGEMENT</u>

BOARD OF DIRECTORS



Mr Rohan Fernando

Group Chairman/Director

Mr Rohan Fernando was appointed as Director/Chairman of the Company in January 2020. He also serves as Director/Chairman of Mobitel (Private) Ltd., eChanneling PLC, SLT Digital Info Services (Private) Ltd., SLT Visioncom (Private) Ltd., SLT Human Capital Solutions (Private) Ltd., Sky Network (Private) Ltd., SLT Property Management (Private) Ltd., Sri Lanka Telecom (Services) Limited, SLT Campus (Private) Ltd., Mobit Technologies (Pvt) Ltd., and Director of Galle Submarine Cable Depot (Private) Ltd.. He is also a member of the Remuneration and Nomination Committee.

Mr Fernando has over 40 years of experience in the tea industry and has been successful in innovation, promoting and marketing the traditional beverage of tea in many variants. He is the creator of the global tea brand HELADIV registered in 40 countries. He began his career as a Tea Taster at Carson Cumberbatch & Co., Ltd. In 1975. Mr Fernando joined Brooke Bond Ceylon Limited and served as a Manager in the Tea Department from 1979 to 1989 with a secondment of one year as a Tea Trader, at its headquarters in the United Kingdom in 1982.

In 1990, he established HVA Lanka Exports as a joint venture with the Dutch agricultural conglomerate HVA Holdings by and expanded the organisation to include several subsidiary companies, HVA Foods PLC., HVA Beverages & HVA Holdings. He functioned as the Chairman and CEO of the HVA Group as well as HVA Farms (Pvt) Ltd., an organic agro-resort in the NWP. Currently he serves on the Board of HVA Foods PLC as its founder-adviser. He served on the Colombo Tea Traders Association as a member and also as a Director on the Sri Lanka Tea Board and as an Independent Director of the Sri Lanka Industrial Technology Institute from 2015 to 2016. He is also an Independent, Non-Executive Director of Ceylinco Insurance (General) Ltd.

Mr Fernando functioned as the President of the National Chamber of Exporters in 2008 and 2009. He served as the elected Chairman of the Tea Exporters Association of Sri Lanka from 2014 to 2016. He is a National award winner since 1997 at the NCE Exports Awards and was selected "Exporter of the Year" winning Gold awards in 4 categories, in 1999. He was also awarded "Sri Lankan Entrepreneur of the year 2015", winning the National Gold award and "Sri Lankan Entrepreneur of the year 2015", with a Provincial Gold award.

He is a multi-disciplined sportsman having represented the school at Rowing, Volleyball, Tennis and Hockey. He represented and captained Sri Lanka at Rowing. He functioned as the President of the Sri Lanka Amateur Rowing Association for several years and was also a senior member of the National Olympic Committee. Currently, he serves as a member of the National Sports Council of Sri Lanka



Mr Lalith Seneviratne

Director/Group Chief Executive Officer

Mr Lalith Seneviratne, was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. Thereafter, he was appointed as an Executive Director/Group Chief Executive Officer on 1 May 2020. He is also a member of the Technology Subcommittee. He serves in the Boards of e-Channeling PLC, Mobitel (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd., SLT Digital Info Services (Pvt) Ltd., SLT Visioncom (Pvt) Ltd., and Mobit Technologies (Pvt) Ltd.

He is an engineer by training. He has over thirty-five years' experience in the corporate field, primarily with Motorola Corporation.

Mr Seneviratne obtained a Bachelor's Degree in Electronics from the University of Kent, UK and a Masters Degree in Electrical Engineering from the University of Calgary, Canada. He pursued a career in telecommunications starting in 1982 at the then Sri Lanka Telecommunications Department (present day SLT). In 1988, he became the head of engineering of Celltel, setting up South Asia's first mobile telephone network.

BOARD OF DIRECTORS

In 1990 Mr Seneviratne accepted a position with Motorola Corporation and moved to Singapore on a regional role. During this period he developed Motorola's relationship with SLT that enabled SLT to provide telephone service to remote areas including restoring telephone service to Jaffna in 1996.

Since leaving Motorola Mr Seneviratne has carried out several professional consulting assignments in telecommunications and renewable energy, while engaging in rural electrification activities during his spare time. He was part of a team that set up four grid connected mini-hydropower systems. He implemented Sri Lanka's first off-grid village solar electrification system in 2001 and Sri Lanka's first off-grid village biomass electrification system in 2004.

In the period 2006 to 2009, Mr Seneviratne was a member of the Board of Directors of Lanka Transformers Ltd., and its Chairman during the latter part. He was a member of the inaugural governing Board of the Sri Lanka Sustainable Energy Authority.

Currently Mr Seneviratne is a member of the Board of Directors of four mini-hydropower companies - M/s Escas Owala (Pvt) Ltd., Escas Ankanda (Pvt) Ltd., Escas Diggala (Pvt) Ltd., and Escas Kiula (Pvt) Ltd.

Mr Seneviratne is the recipient of the Year 1999 Motorola CEO Award for Volunteerism. For his voluntary services to the Department of Wildlife Conservation he was made an Honorary Director in the Department. For his innovation he was elected a Lemelson Fellow and for his sustainable development activities he was elected an Ashoka Fellow. On the 20th Anniversary of the Internet Society of Sri Lanka, he was recognised as one of twenty-five people having contributed to the early development of the Internet in Sri Lanka.

Mr Seneviratne is a Chartered Engineer and a Member of the Institution of Engineering & Technology, UK.



Mr Lawrence Paratz

Director

Mr Lawrence Paratz was appointed to the Board of Sri Lanka Telecom PLC as an Independent Non-Executive Director with effect from 26 May 2010. He is the Chairman of the Technology Subcommittee and a member of the Senior Tender Board and Remuneration & Nomination Committee. He serves on the Boards of e-Channelling PLC, Mobitel (Pvt) Ltd., SLT Property Management (Pvt) Ltd., SLT Campus (Pvt) Ltd., Sri Lanka Telecom (Services) Ltd., SLT Visioncom (Pvt) Ltd., Mobit Technologies (Pvt) Ltd., and SLT Digital Info Services (Pvt) Ltd.

Mr Lawrence Paratz holds an M. Sc. (Telecommunication Systems) with Distinction, and was awarded the Philips prize from Essex University, and an M. Eng. Sc. from the University of Queensland.

He is a Fellow of Engineers Australia (FIEAust) and an alumnus of the Stanford University Executive Development Programme. He also holds Bachelor's Degrees in Science and Engineering (Honours). In 2011, he was elected as a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE).

Mr Paratz has more than 40 years experience in all facets of the telecommunication including mobile, fixed, broadband, satellite and international networks both domestic, and international. This includes capital and infrastructure development, operations, sales, customer service and regulatory issues. As a Director and Chief Executive of Acacia Australia Pty Ltd., he was responsible for development of an integrated proposal for delivery of national broadband communication for Australia.

He has served as a Director of Maxis Communication Berhad, Chairman of the Technology Committee of the Board, as a Director of Vernet Pty Ltd., a Company providing ultra high speed Broadband to Universities and Research Establishments in Australia, and a former Senior Executive of Telstra Corporation. He also serves on the Board of Real Thing AI Pty Ltd., an Australian high technology company with subsidiaries in the USA and UK, and Razorback Pty Ltd., a company incorporated in Victoria, Australia. He is an Advisor to major companies in the Australian Telecommunication market.

Mr Paratz has had executive responsibility for multi-billion dollar programmes and integrations including network transformations and deployments across multiple technologies, with extensive experience in international, metropolitan and regional and rural communications. He previously served as a member of the Board of the Australian Government's Internet Assistance Programme. He has been an invited speaker at the Australian Health Informatics Conference, and the Australian Academy of Technological Sciences and Engineering.

He was formerly Chairman of the On-Trac@ Peter Mac Adolescent and Young Adult Cancer Programme, and has been involved in a number of initiatives in e-health.

BOARD OF DIRECTORS



Mr Chan Chee Beng

Director

Mr Chan Chee Beng was appointed to the Board as a Non-Executive Director on 5 June 2008 and subsequently to the Board of Mobitel (Pvt) Ltd., SLT Property Management (Pvt) Ltd., SLT Campus (Pvt) Ltd., SLT Digital Info Services (Pvt) Ltd., and SLT Visioncom (Pvt) Ltd. He also serves as the Chairman of Remuneration & Nomination Committee.

He counts over 40 years of experience in investment banking, general and financial management and accounting. He worked at Ernst & Young and Morgan Grenfell & Co. Ltd., prior to joining the Usaha Tegas Sdn Bhd (UTSB) Group in 1992 as Head of Corporate Finance. He serves on the Boards of several companies including Bumi Armada Berhad, Binariang GSM Sdn Bhd, Maxis Communications Berhad of Malaysia and Yu Cai Foundation.

Mr Chan holds an Honours Degree in Economics and Accounting from the University of Newcastle-upon-Tyne, United Kingdom and is a Fellow of the Institute of Chartered Accountants of England and Wales.



Ms Lai Choon Foong

Director

Ms Lai was appointed to the Board of SLT as a Independent Non-Executive Director on 9 May 2014. She also serves on the Boards of Mobitel (Pvt) Ltd., SLT Human Capital Solutions (Pvt) Ltd., and Galle Submarine Cable Depot (Pvt) Ltd. She is the Chairperson of Related Party Transactions Review Committee and a member of the Audit Committee, and Senior Tender Board.

She has over 35 years of experience in finance, procurement and audit areas in telecommunications, banking and government sectors. She was previously with Maxis Berhad and is currently the Finance Head of Maxis Communications Berhad. She is also a Non-Executive Director of a few subsidiaries of Maxis Communication Berhad.

Ms Lai holds a Bachelor of Commerce Degree from Melbourne University, Australia and is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Practicing Accountant of CPA Australia.



Mr Mohan Weerakoon, PC

Director

Mr Mohan Weerakoon, was appointed to the Board as an Independent Non-Executive Director on 23 January 2020. He is the Chairman of the Audit Committee and a member of the Senior Tender Board and Related Party Transactions Review Committee. He also serves on the Board of SLT Human Capital Solutions (Pvt) Ltd., SLT Campus (Pvt) Ltd., and SLT Property Management (Pvt) Ltd.

Mr Weerakoon is a senior legal practitioner who counts more than 36 years of experience as a civil and criminal counsel. He was appointed a Presidents Counsel in 2017.

He has served as a Director of Sinhaputhra Finance PLC and Deputy Mayor and Councilor of the Municipal Council of Matale, and Central Provincial Councilor.

BOARD OF DIRECTORS



Mr Ranjith Rubasinghe

Director

With over two decades of experience in Telecommunications and IT, Organisational Development, Human Resources and Marketing, Mr Ranjith G Rubasinghe was appointed to the Board of Sri Lanka Telecom PLC as a Non-Executive Director on 23 January 2020.

During his diverse professional career, he has served as Vice-President of the Institute of Engineers Sri Lanka (IESL), Council Member of the University of Colombo and the Council of the Board of Management at University of Colombo - School of Computing. He also serves as a member of the Council of the Open University of Sri Lanka and the Bikkhu University of Sri Lanka.

He is the Founder President and CEO of the SLT Campus (Pvt) Ltd., (SLTC), which is the only corporate powered, research based, fully residential university in the country. Under his leadership, SLTC became the "Most Emerging Education Institute of the Year at the South Asian Business Excellence Awards 2019" and has also been recognised at the "National Business Excellence Awards 2019" in Sri Lanka.

With an MBA from the University of Colombo, a Postgraduate Diploma in Electronics and Telecommunications Engineering and a BSc Engineering in Electrical and Electronics, Mr Rubasinghe is a Chartered Engineer and a Fellow of the Institution of Engineers Sri Lanka (IESL), Fellow Member of Chartered Professional Managers of Sri Lanka (CPM), Certified Member of the Sri Lanka Institute of Marketing (SLIM) and an Associate Member of the Chartered Institute of Personnel Management (CIPM).

Mr Rubasinghe has been with Sri Lanka Telecom PLC for over 20 years and he held the positions of CEO/SLT Human Capital Solutions (Pvt) Ltd., and Head of SLT RAINBOW PAGES as well.

Among his personal achievements, he was awarded the Chartered Engineer of the Year 2011 at IESL's Engineering Excellence Awards, the "HR Leadership Award" at the Global HR Excellence Awards 2010 and 2013, and "The Education Leadership Award" at the Sri Lanka Education Leadership Awards 2019 & 2020.

BOARD OF DIRECTORS



Mr Saman Fernando has gained his first Degree in Bachelor of Commerce from the University of Kelaniya. He also obtained a law degree from the Open University. In 2003, he took oath as an Attorney at Law. He holds MA in Financial Economics from University of Colombo and Postgraduate Diploma in Information Management from SLIIT.

Mr Saman Fernando

Director

Mr Saman Fernando was appointed to the Board as a Non-Executive Director on 10 December 2020. He is the Chairman of the Senior Tender Board and serves as a member of the Audit Committee and Related Party Transactions Review Committee.

Mr Saman Fernando is the Deputy Secretary to the Treasury of the Ministry of Finance. He is a special grade officer in the Sri Lanka Administrative Service. He joined the Sri Lanka Administrative Service in 1991. With over 25 years of experience in the public service, he has held various executive level positions in a number of ministries and departments. During his tenure, he has worked in the Department of Public Enterprise and the Department of Management Services, under General Treasury. He has also served in the Ministry of Finance as the Director General of Human Resources.



Mr Mahesh Athukorale

Group Company Secretary

Mr Mahesh Athukorale is an Attorney-at-Law. He holds an MBA from the University of Colombo, and a Bachelor's Degree of Law from the Open University of Sri Lanka. He is an Associate Member of The Chartered Governance Institute of UK.

In his career spanning over 26 years he has more than 18 years of experience in the SLT Group and over eight years in the mercantile and financial sectors.

He also functions as Company Secretary for Board Subcommittees and subsidiaries of SLT Group.

EXECUTIVE MANAGEMENT

Mr Lalith Seneviratne Group Chief Executive Officer

Please refer to page [102](#) for the profile



Mr Kiththi Perera Chief Executive Officer

An in depth understanding of technology and its continuous immersion into the lives of people everywhere, this is what gives Kiththi Perera an edge in this now predominantly digital world. He possesses a passion for understanding the evolutionary nature of businesses and how best to support them with the solutions they need to sustain themselves as they grow. Currently, he sits at the helm of Sri Lanka Telecom's decisive and pioneering shift into Fiber and draws from years of experience and expertise that has seen the company grow year on year.

Mr. Perera believes in the power of contribution through collaboration. He understands that high-level products need multiple partners bringing the best of their creative intellect to the table in order to be successful. This thinking is a result of years he himself has spent working with some of the finest minds in engineering – a road that leads all the way back to the Engineering Council and the Institution of Engineering and Technology in the UK, of which he is a Chartered Engineer. Being a Masters Graduate from the University of Moratuwa in Electronics and Telecommunications Engineering only solidifies the foundation of his career, which now spans a quarter of a century.

Having been instrumental in the growing of several business segments from Government to Enterprise and SME, Kiththi Perera now brings his attention to Consumer Businesses and Fiber connectivity, which he believes require the most amount of focus at this time. He is aware that the process requires as much an internal transformation as it does the external preparations. Creating meaningful and effective new products in the digital space for customers across all business segments is a priority, and the plan to go global is a firm eventuality on his watch.



Mr M B P Fernandez Chief Operating Officer

Mr Priyantha Fernandez joined SLT in 1991 following multiple roles in various multinational telecommunications organisations. He holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka and an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Chartered Engineer and Fellow of the Institution of Engineers Sri Lanka. His 33-year career as a professional in telecommunication industry, includes attending to technological updates in the forum of overseas training and seminars, organised by international training institutions, telco operators, and equipment vendors. He has recorded over 700 such days of exposure during his tenure. He has held a string of senior positions within SLT, culminating in his current position as the Chief Operating Officer. In this role he oversees the entire planning, operation,

maintenance and projects in Planning, Network, Regional, IT, Procurement, Projects and Innovation, Quality and Security groups within Sri Lanka Telecom. In addition, he has had overseen operation of SLT's Call Centre in line with improving customer experience. He has played a leading role in planning and deploying very large scale programmes for SLT network transformation. Some of the flagship projects in which he made a significant contribution are New Generation Network (NGN), Sri Lanka Backbone Network (SLBN), Fiber-To-The-Home (FTTH), LTE (4G), National Broadband Programme (i-Sri Lanka), National Data Centre, Submarine Cable Systems, and establishment of Cable Depot in Galle. He was a member of the International Management Committee for the submarine cable consortium of SEA-ME-WE 3, 4 and 5, Dhiraagu Cable, and the Bharath Lanka Submarine Cable System. He additionally serves as a management committee member under the South-East Asia and Indian Ocean Cable Maintenance Agreement (SEAIOCMA). He is a permanent member of the Senior Tender Board of SLT. In addition to the above responsibilities his authority extends to planning, formulating and overseeing implementation of policies that promote profitability, company culture, and quality of operations. His role involves strategic decision-making for achieving agreed short-term, medium-term and long-term corporate objectives towards making SLT business viable and profitable. In the areas of responsibilities as the Chief Operating Officer, he is empowered to execute agreements for the procurement of goods and services, financial instruments, notarial documents, special category agreements and international agreements. His recent involvement in preparing the National Digital Road map to achieve SMART SRI LANKA has paved the Next Generation transformation of SLT falling in line with global operators.

Mr Fernandez is a permanent member of the Technical Subcommittee and Senior Tender Board of SLT. He also has been functioned as a Non-Executive Director of SLT Services Limited for over twelve years from 2007 to 2019.

EXECUTIVE MANAGEMENT



Mr Saman Perera

Group Chief Officer - Information

Mr Saman Perera possesses around 30 years' experience in the IT industry as a thought-leader and innovative technology manager with a strong technical background. During his career, he has given leadership to large-scale software development projects for business and at national-level including the Electronic Travel Authority for the Department of Immigration and Emigration and mTicketing for Sri Lanka Railways. He has also given leadership in implementing complex large-scale projects in the telecommunication industry involving multiple international suppliers. He has also served as the Senior Manager IT for reputed telecommunication company in Sri Lanka and pioneered in implementation of many business solutions and infrastructure including the Y2K compliance.

He holds an MBA in Management of Technology from University of Moratuwa, MSc in Computer Science, and BSc from University of Colombo. He serves as a resource person for the MBA in IT at University of Moratuwa, and served as a visiting lecturer for MBA in Information Systems, University of Colombo. He is currently serving as a Board member of the University of Colombo School of Computing (UCSC) representing the IT industry.

He is an active member of the Computer Society of Sri Lanka, and has served as a council member. He won the prestigious "CIO of the Year" award from the Computer Society of Sri Lanka.



Mr Sanjeewa Samaranayake

Group Chief Officer - Finance

Mr Sanjeewa Samaranayake is the Group Chief Financial Officer of Sri Lanka Telecom PLC and counts over 25 years of management experience, holding senior positions in reputed manufacturing, trading and service organizations in Sri Lanka and overseas. He is a Fellow Member of the Chartered Institute of Management Accountants (UK) and of the Institute of Certified Management Accountants of Sri Lanka. He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayawardenepura and a Bachelor of Commerce Degree from the University of Colombo. He followed an Advance Management Programme (AMP) conducted by the Kellogg Business School in USA and a Mergers & Acquisitions Course conducted by the Chicago Booth, University of Chicago, USA.

He joined Sri Lanka Telecom PLC as the Group Chief Financial Officer in September 2018. Prior to joining SLT, he served as the Group Chief Financial Officer of a leading conglomerate in Sri Lanka diversified into consumer, healthcare and transportation sectors. Prior to his appointment as the Group Chief Financial Officer, he served as the Managing Director and as the Director - Finance and Supply Chain of the healthcare sector in the same conglomerate. Further, during his career, he worked as the Group Financial Controller and also as a member of the Senior Management Committee in a reputed company engaged in exports in Sri Lanka.

He held many senior positions of the Chamber of Pharmaceuticals Industry of Sri Lanka and last being the Senior Vice President position for two consecutive years. He was a committee member of the Ceylon Chamber of Commerce, Import Section for several years holding senior positions.

He was awarded the prestigious "Platinum Honours Award" by the Postgraduate Institute of Management Alumni in 2010 and the "Diamond Service Award" for the "Most Outstanding Business Leader of the Year" awarded jointly by the Ceylon Chamber of Commerce and the Postgraduate Institute of Management Alumni in 2016.

EXECUTIVE MANAGEMENT



Mr Prabhath Ambegoda
Chief Officer - Corporate and Digital

Mr Prabhath currently holds the position of Chief Corporate and Digital Officer of the Company. Current portfolio spans Corporate Strategy, Regulations, Tariff, Programme Management and Digital Projects, R & D Quality Assurance & Information Security and Business Continuity Management of the Company.

He joined Sri Lanka Telecom in 1991 as an Engineer, counts over 30 years of multi-disciplinary experience in the telecommunication industry, in the field of Engineering, Management. He counts 20 years of experience in Corporate Management of telecommunication industry.

During his career, he has gained extensive industry-related knowledge and trainings from National and International Academies in number of countries. Further, he has undergone several certificates courses in other disciplines in Management, Accounting, Marketing, Secretariat services and General Management. He is a trainer of Commonwealth Telecommunication Organisation (CTO) programmes.

Mr Prabhath is a Chartered Engineer by his profession, holds BSc(Eng.) Honours Degree from University of Peradeniya specialising in the field of Electrical and Electronics Engineering. He is a Fellow member of Institution of Engineers in Sri Lanka (IESL) and holds Master of Business Administration Degree from Anglia Ruskin University of UK.



Mr Prabhath Dahanayake
Chief Officer - Marketing

With a career spanning over 28 years at Sri Lanka Telecom, Mr Prabhath Dahanayake's multidisciplinary exposure in the fields of Engineering, Project Management, Business and Marketing, position him as an invaluable resource in this dynamic time in the Organisation's journey.

During his quarter-century tenure at SLT, he has held an illustrious variety of Senior Management positions at the telecom giant, including but not limited to over a decade's worth of marketing experience, as well as Head of Province and General Manager - Product Development and Management.

A Chartered Engineer with a BSc Degree in Engineering in Electronics and Telecommunications from the University of Moratuwa, he completed a Master's Degree in Business Administration with core studies at the University of Ruhuna.

Mr Prabhath Dahanayake has been instrumental in driving the Company's broadband-led new services development, as well as the crucial repositioning of SLT's flagship products and services. His role as Chief Marketing Officer stations him on an ideal platform to revolutionise Sri Lanka Telecom's strategy and marketing vision. During his carrier, he has gained extensive industry-related knowledge and trainings from NTT training centre - Japan, Training institute in Netherland, Nokia of Finland, Spain, and UK.



Mr Janaka R Abeysinghe
Chief Officer - Enterprise and Wholesale

Mr Abeysinghe joined SLT in 1991. In his present role, he leads the Enterprise & Wholesale business of SLT that provides integrated voice and data solutions to Enterprises, Government Institutions, Domestic Telco Operators and Global Wholesale Carriers. In his career at SLT spanning 29 years, he has held a number of senior positions, including General Manager Enterprise & International Sales and has extensive experience in the areas of Enterprise Digital Services, Enterprise Communications Solutions, Data Communications, Business Development, Domestic & International Switching Operations and Global Wholesale Voice & Data Business.

He holds a Master's Degree in Electrical & Computer Engineering from the University of Kansas, USA and a BSc degree in Electronics & Telecommunications Engineering with First Class Honors from the University of Moratuwa, Sri Lanka. He is a Chartered Engineer, a member of the Institution of Engineers Sri Lanka, and a member of the Computer Society of Sri Lanka. He is a Fulbright Scholar.

Mr Abeysinghe served on the Board of the Sri Lanka Institute of Nanotechnology (SLINTEC) as a Non-Executive Director from 2014 to 2018. Before joining SLT he was an Assistant Lecturer at the University of Moratuwa, Sri Lanka, and at present serves as a Visiting Lecturer.

EXECUTIVE MANAGEMENT



Ms Maneesha Jinadasa

Chief Officer - Supply Chain Management

Ms Maneesha Jinadasa has over 36 years of experience at SLT, of which she served as a Deputy Chief Officer for 19 years. She has served in the capacity of Deputy Chief Human Resource Officer, Deputy Chief Quality Assurance Officer, Deputy Chief Officer/Corporate Programmes where she headed Quality Assurance, Transformation and Project Management Office, and Deputy Chief Network Officer, before being promoted to Chief Logistics Officer in April 2018. Ms Jinadasa holds a BSc Engineering Degree in Electronics and Telecommunications from the University of Moratuwa, a Master's Degree in Electrical and Electronics Engineering from Netherlands, and a Master's Degree in Business Administration from the University of Colombo. She is also a Corporate Member of the Institute of Engineers Sri Lanka (IESL).



Mr Imantha Wijekoon

Chief Officer - Sales & Region I

Mr Imantha Wijekoon is a Chartered Engineer with a Degree in Electronics and Telecommunications Engineering from the University of Moratuwa. In addition, he holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. In his career at SLT spanning over 25 years he has gained extensive exposure in the fields of Regional Operations, Project Management and Consumer and SME sales operations. He has undergone telecommunication operation and business-related trainings in several foreign countries. Swedish International Development Cooperation Agency (Sida) of Sweden, LG Cables and Machinery Ltd., of South Korea, Korea Telecom of South Korea, and AOTS of Japan are few such institutes to mention. He has also participated in many international and local conferences and workshops. Next Generation Networks, Fixed Mobile Convergence, CRM Change Management, Telecommunication Business Simulation, Value Driven Marketing, Total Telecom Congress and World Mobile Congress are several such events.

Mr Wijekoon counts for over 10 years of experience in the consumer sales segment. In his professional carrier at SLT he has held the senior positions of Head of Province, Deputy Head of Regions, General Manager Customer Service, Regional General Manager and Chief Sales Officer. Since November 2019 he serves as a Non-Executive Director of SLT Services.



Mr B Lionel Imbulana

Chief Officer - Sales & Region II

Mr Lionel Imbulana joined SLT in 1984. He was appointed as Head of Division - New Connections in 1998 and thereafter promoted to Chief Sales and Regional Officer in November 2018. He is a graduate and a Chartered Engineer of the Institute of Electronics and Radio Engineers (IERE) & IEE in UK. He is a member (MIET) of the Institute of Engineering Technology (IET). He holds a Master's Degree in Business Administration (MBA) from the University of Kelaniya. He has wider experience in analogue and digital Switching Projects implementation, development and Operations. Also he has experience in Outside Plant Network and Customer Service Assurance. He has made an immense contribution to design and development of Workforce Management (WFM) system, which automates customer faults management systems with improved customer satisfaction.

Currently he is in charge of Sales and Operational activities of the 17 districts of the country which is covering 70% of the land extent includes areas of three (03) Regional General Managers, Ten (10) Provincial Deputy General Managers, Twenty Four (24) Regional Telecom Officers and Twenty Three (23) Regional Operational and Maintenance Centres.

EXECUTIVE MANAGEMENT



Mr R M P S Samarajeewa

Chief Officer - Network

Mr Mangala Samarajeewa joined SLT in 1997 and holds a BSc (Eng.) in Electronics and Telecommunications from the University of Moratuwa, Sri Lanka. He is a Chartered Engineer and Corporate Member of the Institution of Engineers, Sri Lanka. With 23 years of work experience in various capacities, he has strong managerial and technical skills to provide leadership to SLT's Network Group.

As a professional in the telecommunication industry, he has participated in many overseas trainings, seminars, and various forums organised by international training institutions, top ranking telecommunication service providers, and reputed telecommunication equipment vendors. In this role he oversees the entire network operation of SLT including Transport and Access, Network Services, Data Centre and Cloud Services, Power and AC, Service Operations, National Fiberisation Programme and Projects.

In the path to his current position as Chief Network Officer, he has proven excellence in management of technology and programme management as a senior manager. His major achievements are leading the implementation of National Broadband Network (i-Sri Lanka Programme), Lanka Government Network (LGN) and the SEA-ME-WE-5, 6 Submarine Cable System. He has overseen the operations of the Field Services Projects Unit in SLT for fast deployment of the network in the Northern and Eastern Provinces of Sri Lanka and also held a range of positions in operations and maintenance

of the SLT network at regional level. He is also working as the sponsor for the National fiberisation Programme.

He is a member of the International Management Committees for the submarine cable consortiums of SEA-ME-WE 3, 4, 5 and 6, Dhiraagu - SLT, and Bharath Lanka Submarine Cable Systems.

Mr Samarajeewa is the present Vice President of the Japan-Sri Lanka Technical and Cultural Association (JASTECA) and was the Past Secretary General of the South Asia Federation of AOTS Alumni Societies (SAFAAS).



Mr Tilak Gamalath

Chief Officer - Information

Mr Gamalath joined SLT in 1992. He holds a BSc (Eng) Honors Degree in Electronics & Electrical Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer of the Institution of Engineers of Sri Lanka and is a member of IET (UK). He has an experience of over 28 years in IT and Telecommunication. His experience counts to 8 years in International Switching and 20 years in IT. He has held the positions of DGM/System Administration, GM/Systems, GM/System Development & Network and GM/IT Infrastructure during his career in IT. He has pioneered in introducing IT Disaster Recovery, IT data centre constructions, Infrastructure Consolidation & Virtualisation, Data Analytics and has contributed into introducing multiple IT applications in SLT. He has vast experience in IT project management delivering successful projects.

EXECUTIVE MANAGEMENT



Mr K T P Fernando

Chief Officer - Network Planning

Mr Terrance Fernando joined SLT in 1984. He holds a Bachelor of Technology (Honours) Degree in Computer Engineering, a Postgraduate Diploma in Industrial Engineering and an MBA. A Chartered Engineer, he also obtained Graduate Membership of the Institution of Radio and Electronic Engineers, Corporate Membership of Institution of Electrical Engineers and the Corporate Membership of the Institution of Engineering and Technology.

He served as Chairman of the Next Generation Network Implementation Team and led a range of initiatives to transform legacy switching systems to Soft Switches and IP Multimedia Subsystem (IMS) enabling the path for digitalisation. He was instrumental in planning, designing, commissioning, and operating Satellite Earth Stations, International Transmission Maintenance Centre, International Switching Centres, and Submarine Cable Systems at SLT. He was the Project Manager of the Telecommunication Network Expansion Project (TNEP) funded by the Japanese Bank for International Corporation (JBIC), under which all main nodes in SLT's network were linked through optical fibre ring networks and introduced Fibre to Curb (FTC) concept in Sri Lanka. He undertook responsibility for operation of IP Networks, ISP Network, Data Centres, and IP TV Network in the capacity of General Manager.

Mr Fernando has gained 37 years of extensive experience in the field of Telecommunications including Fixed & Wireless Communication, Process Management, Operation & Maintenance, planning & Designing and Project Management.



Ms Sonali Wijekoon

Chief Officer - Legal

By profession Ms Sonali Wijekoon is an Attorney-at-Law and a Notary Public, who holds a Master's Degree from the University of Colombo.

She is currently holding the position of Chief Legal Officer of the Company. She heads the Legal Department which handles variety of Legal matters for the Company, including diverse litigation issues, international and local commercial contracts, Intellectual property right matters, conveyancing and other legal corporate matters. Collaboration of SLT Group work is a novel concept introduced by the Board of Directors from 2019, to optimise the SLT Group synergies, wherein Chief Legal Officer of SLT contributes to SLT Legal Group services with able direction of two Board Directors from SLT and Mobitel.

Her experience in the field of Law counts over 32 years with 28 years of experience in Sri Lanka Telecom Legal Division. Her previous experience in the banking sector and a short spell at the Private Bar has been a contributory factor for handling of diverse Legal work for SLT.



Mr Saman Abeysekera

Chief Officer - Administrative

Mr Saman Abeysekera joined SLT in 1998 following various roles in recognised organisations. He holds a BSc (Eng.) in Electrical and Electronics Engineering from University of Peradeniya, Sri Lanka. He is a Chartered Engineer and Fellow of the Institute of Engineers Sri Lanka.

He has 25 years of vast experience as a professional in telecommunication industry. During his career he has served as a Greater Colombo Telecommunication Improvement Project Engineer for an international company, Supply Credit Project Engineer for Sri Lanka Telecom Services, Assistant Director Interoperability for Telecommunication Regulatory Commission Sri Lanka. He has served for SLT in the capacity of Project Manager of the Rural Telecommunication Development Project, Regional Telecommunication Manager, Provincial Deputy General Manager, Regional General Manager and Deputy Chief Regional Operating Officer, Chief Asset Property and Security Management Officer before being appointed as the Chief Administrative Officer of SLT. He has wide experience in areas such as Project Management, Regional Operation and Maintenance, Customer Service, Consumer and SME Sales Operation, Property Development and Security Management.

EXECUTIVE MANAGEMENT



Mr Aruna Jayasekera

Chief Officer - People

Mr Aruna Jayasekera is the Chief People Officer in Sri Lanka Telecom PLC. He is an experienced HR professional with a progressive career spanning over 25 years in the financial and export manufacturing sectors. He commenced his professional career as a State Counsel at the Attorney General's Department before changing to Human Resources Management. He holds a Bachelor of Laws (LLB) from the Faculty of Law, University of Colombo and is an Attorney-at-law. He is a Fellow Member of the Chartered Institute of Personnel Management Sri Lanka and for his contribution to the Human Resource field, he was recognised with the life time award "The Most Outstanding HR Professional of the year 2007", the HR Gold Medal awarded by the Institute of Personnel Management. He was the youngest recipient to receive this prestigious award.

He joined Sri Lanka Telecom PLC on 1 July 2020. Prior to joining SLT he served as the Group Chief Human Resource Officer in a reputed bank in Sri Lanka. He was the Regional HR Manager (Manufacturing) in a reputed global manufacturing company. In this role, he was also the co-facilitator for the Global Leadership Development programme under relevant company, conducted by the Asian Institute of Technology, Thailand.

He is a multi-disciplined sportsman. He is an International Rugby Referee appointed by the Asian Rugby Football Union and has officiated in many international tournaments including Hong Kong Sevens and Dubai Sevens. Currently he is the Judicial Officer appointed by the World Rugby.



Mr Lalith Waragoda

Group Chief Officer - Internal Audit

Mr Lalith Waragoda joined SLT in November 2019 as the Group Chief Internal Auditor. Prior to this appointment he held the responsibility of Asia Regional Auditor of a Multi-National Corporation (MNC), a global logistics solutions provider. Also, he has worked as a Director/Chief Financial Officer at few leading private business enterprises in Sri Lanka. He counts over 34 years of professional experience in Audit/Assurance, Shipping/Logistics, Trading and Manufacturing industries.

He is a Fellow of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and holds an MBA from the Postgraduate Institute of Management (PIM), affiliated to the University of Sri Jaywardenepura. Also, he is a holder of Diploma in Taxation (CA Sri Lanka). Prior to becoming a Chartered Accountant, Mr Waragoda has obtained four years of extensive training in external and internal auditing under KPMG-Sri Lanka.



Mr Dinuk Peiris

Group Brand officer

Mr Dinuk Peiris joined SLT in January 2021 as the Group Brand Officer. He is a Chartered Marketer, holding a Postgraduate Diploma in Marketing (CIM, UK) and Member of Chartered Institute of Marketing (MCIM). He also holds a Master's of Business Administration (MBA) from the University of Leicester, UK.

His career experience spans over 23 years covering the entire spectrum of Marketing at both strategic and operational levels; which includes Brand Marketing, Trade Marketing, Research & Insights, New Product Development, S&OP process, Demand Planning, Pricing, Customer Experience and Sales & Distribution.

Having worked for multinationals and large local conglomerates both in Sri Lanka and overseas markets his marketing experience cuts across FMCG, F&B, Industrial and Apparel sectors.

SUBSIDIARY CHIEF OFFICERS



Mr Chandika P Vitharena

**Acting Chief Executive Officer -
Mobitel (Pvt) Limited**

As the Senior General Manager of Sales and channel development, Mr Chandika Vitharena was responsible for the increase of Mobitel's subscriber base and revenue generation, achieved through the management of the distribution channels which are the primary contributors to the addition of new subscribers. He was responsible for the overall Sales Operations at Mobitel.

Aggressive execution of his sales plan through various distributions channels, resulted in Mobitel consolidating the second place in the Sri Lankan mobile telecommunication sphere, with impressive growth in its subscriber base.

Mr Chandika has over 25 years of experience in mobile communications. He worked as a Marketing Executive from 1992-1999 and held the post of Sales Manager from 1994-1996. Mr Chandika joined Mobitel in 1996 as Sales Manager. Two years later he was promoted to the position of General Manager Sales and Distribution and in January 2009 he was further elevated as Senior General Manager & thereafter appointed as Acting Chief Executive Officer in December 2020

Mr Chandika holds a BA (Hons) Degree in Political Science from the University of Delhi, India.



Mr Ajantha Seneviratne

**Chief Executive Officer,
SLT VisionCom (Pvt) Ltd.**

Mr Ajantha Seneviratne joined SLT in 1993. He holds a BSc in Electronics and Telecommunications from the University of Moratuwa and a Postgraduate Diploma in Industrial Engineering from the Open University of Sri Lanka (OUSL). In addition, he holds an MBA from the University of Sri Jayewardenepura. Mr Seneviratne is a Chartered Engineer and a member of The Institution of Engineers of Sri Lanka. He counts over 20 years of experience in Marketing and currently serves as the Chief Executive Officer of SLT VisionCom (Pvt) Ltd.

SUBSIDIARY CHIEF OFFICERS



Mr Malraj Balapitiya

**Chief Executive Officer,
SLT Digital Info Services (Pvt) Ltd.**

Mr Malraj Balapitiya is a Chartered Engineer and a Fellow of the Institution of Engineers Sri Lanka. He counts over 37 years of work experience at various strata of SLT's administration. He has swiftly climbed the corporate ladder from Technical Officer to Regional Telecom Engineer, Head of the Province, and to General Manager prior to his appointment as CEO of SLT Publications (Pvt) Ltd. Later he transformed SLT Publications (Pvt) Ltd. to SLT Digital Info Services (Pvt) Ltd. by re-vamping the entire product portfolio also introducing "SLT muve" ride-sharing platform, truly diversified product to SLT group with a much greater vision.

At present, he holds the position of CEO at SLT Digital Info Services (Pvt) Ltd. During his time as CEO, the Company has undergone a series of transformational steps to focus on business transition and digital transformation to provide a range of digital services to SMEs and Micro businesses and also business diversification. Under his leadership, in 2018 onward he drives Group's diversified business of smart transport service, "SLT muve" to commercialise and provide efficient ride-sharing service in Sri Lanka.

He is a dynamic personality with managerial, marketing, and entrepreneurial skills which have helped Rainbow Pages to reach the highest echelons and become the only directory publisher recognised by the Government of Sri Lanka. Owing to his expertise and experience in the local search and media space, and his networking in South Asia, he has been appointed as a Member of the Board of Trustees of the Asian Local Search and Media Association.

In 2011, in addition to his present position, he was appointed as CEO of SLT VisionCom (Pvt) Ltd. (2011-2016), a company focused on delivering services through IPTV technology under the SLT PEO TV brand name.

Mr Ranjith Rubasinghe

**Chief Executive Officer,
SLT Campus (Pvt) Ltd.**

Please refer to page [105](#) for the profile.

CORPORATE GOVERNANCE

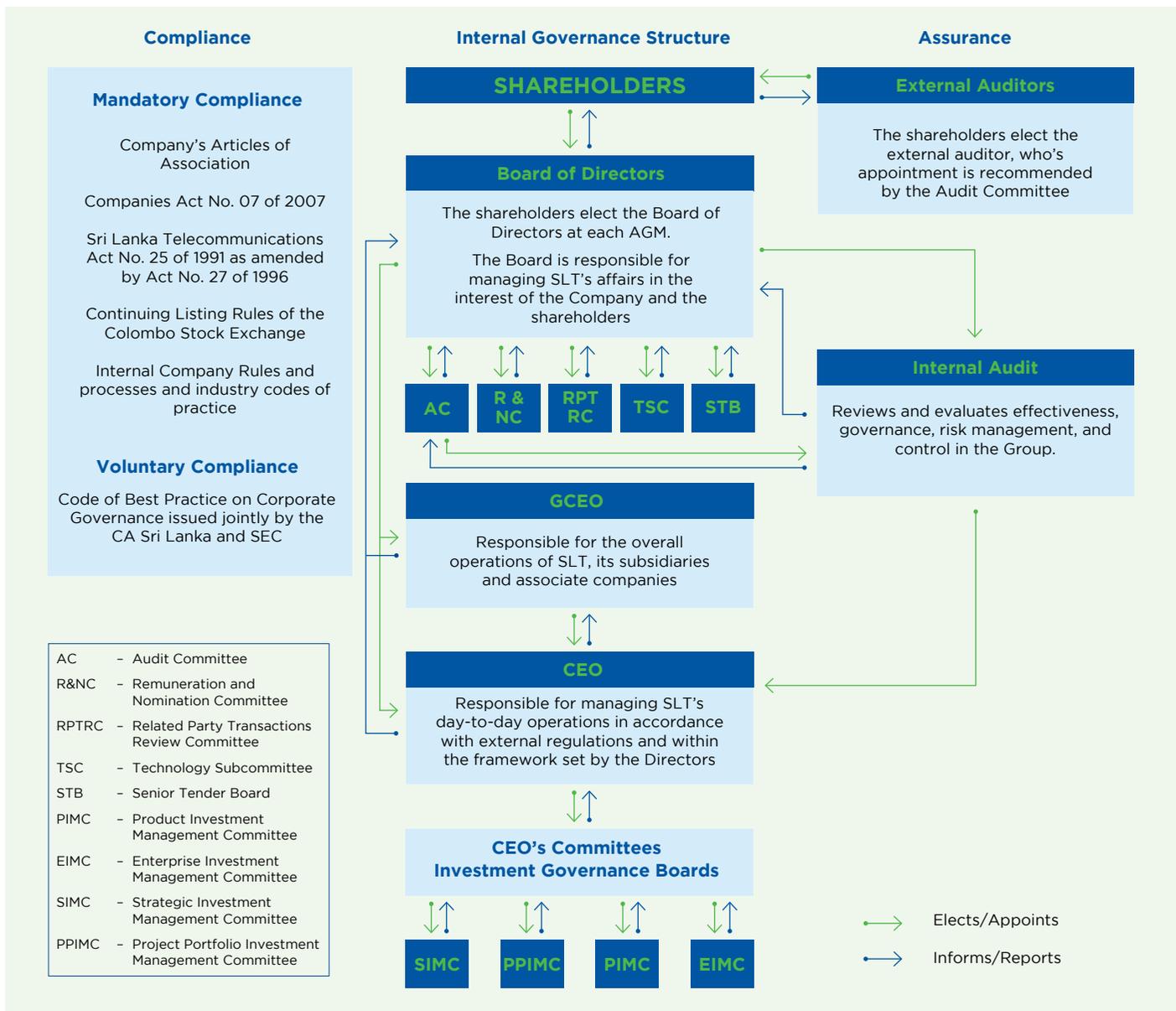
The Board and Management of Sri Lanka Telecom PLC (SLT) firmly believe that sound Corporate governance is vital for the sustainability of the Company's business and performance. We are committed to continuously enhance the standards of Corporate Governance principles and practices so as to improve performance, accountability and transparency of the Company.

SLT is in compliance with the following frameworks of legislation, codes and voluntary practices as part of its Corporate Governance Guidelines adopted by the Board of Directors;

- Internal Company rules and processes and industry codes of practice and corporate ethics
- Articles of Association (AoA) of the Company

- Legislation, particularly the Companies Act No. 07 of 2007 and the Sri Lanka Telecommunications Act No. 25 of 1991 as amended by Act No. 27 of 1996
- Listing Rules of the Colombo Stock Exchange (CSE)
- Code of Best Practice on Corporate Governance issued jointly by the CA Sri Lanka and SEC

The illustration below shows the formal Corporate Governance Structure:



CORPORATE GOVERNANCE

The Board of Directors

Composition of the Board

The Board of Directors during the year 2020 comprised one Executive Director and seven Non-Executive Directors, majority of whom are independent as the Board deems appropriate to function efficiently as a body, subject to the Company's AoA.

Their biographies on pages [102](#) and [106](#) of the Annual Report demonstrate a breadth of experience, understanding of business and sufficient calibre to provide independent judgement on issues of strategy, performance, resources, and standards of conduct which is vital to the Group.

Selection of Directors

In terms of the AoA of SLT, the Board of Directors has the authority to fill vacancies in the Board and appoint additional Directors subject to their re-election at the next Annual General Meeting. Accordingly, the two major shareholders, namely the Government of Sri Lanka acting through the Secretary to the Treasury, and Global Telecommunication Holdings N.V. recommend five and four Directors to the Board respectively. The Board appoints the candidates recommended by the two major shareholders to the Board, filling casual vacancies as provided by the AoA after deliberation of their experience, understanding of business and financial issues, ability to exercise

sound judgement, diversity, leadership, achievements and experience in matters affecting business and industry.

The role of the Board

The Board is the highest decision-making body of the Company who provides strategic leadership to the Management. The Company's business is managed under the direction of the Board of Directors. The Board delegates the Group Chief Executive Officer (GCEO) and Chief Executive Officer (CEO) of the Company, and through that individual to other Senior Management, the authority and responsibility for managing the Company's business. The Board's role is to oversee the Management and Governance of the Company and to monitor Senior Management's performance.

The Board is accountable to shareholders for ensuring that SLT is appropriately managed and achieves the strategic objectives it sets.

Among the Board's core responsibilities are to:

- Select, monitor, evaluate and compensate Senior Management.
- Assure that Management succession planning is adequate.
- Review and approve significant corporate actions.
- Review and monitor implementation of Management's strategic plans.
- Review and approve the Company's annual business plan, budgets and operating plan

- Monitor corporate performance and evaluate results compared to the strategic plans and other long-range goals.
- Review Company's financial controls and reporting systems.
- Review and approve the Company's Financial Statements and financial reporting.
- Review the Company's legal compliance programmes and procedures
- Oversee the Company's management of enterprise risk.

The following processes are in place in order to provide timely and accurate information to Directors to perform their responsibilities;

- All Directors receive accurate, relevant, timely, clear and balanced information.
- The Company Secretary act as the point of contact for the flow of information between committees, the Board and Directors, and other key managers
- The CEO along with the respective Chief Officers and the Heads of Divisions presents their submissions to the Board and provides the necessary clarifications requested by the Board.
- In addition, all Board Papers are made available in electronic format, in line with the Group's sustainability initiatives.

The attendance of individual Directors at Board meetings and Committee meetings during the year is set out in the table below:

CORPORATE GOVERNANCE

Board Member	Status	Board	Audit Committee	Remuneration & Nomination Committee	Technology Subcommittee	Senior Tender Board	Related Party Transactions Review Committee
Mr Rohan Fernando, Chairman (Appointed w.e.f. 23 January 2020)	INED	8/8	-	2/2	-	-	-
Mr Chan Chee Beng	NED	8/8	-	2/2	-	-	-
Mr Lawrence Michael Paratz	INED	8/8	-	2/2	3/3	11/11	-
Ms Lai Choon Foong	INED	8/8	6/6	-	-	11/11	4/4
Mr Lalith Seneviratne (Appointed w.e.f. 23 January 2020)	ED	8/8	-	-	2/3	-	-
Mr Mohan Weerakoon (Appointed w.e.f. 23 January 2020)	INED	8/8	6/6	-	-	10/11	4/4
Mr Ranjith Rubasinghe (Appointed w.e.f. 23 January 2020)	NED	8/8	-	-	-	-	-
Mr Ananda Seneviratne (Resigned w.e.f. 12 November 2020)	NED	8/8	6/6	-	-	9/9	4/4
Mr Saman Fernando (Appointed w.e.f. 10 December 2020)	NED	-	-	-	-	-	-

ED - Executive Director

NED - Non-Executive Director

INED - Independent Non-Executive Director

Board functions are supported by robust information technology, enabling Board members to access their Board papers via a secure connection and participate at meeting even remotely.

The committees meet regularly to consider and discuss matters falling within their authority and accountability specified in the Terms of Reference. Their observations and recommendations are regularly reported to the Board.

Delegation to Board Subcommittees

SLT has in place a number of mandatory and voluntary Board Subcommittees to fulfil regulatory requirements and for better governance of its activities. These committees comprise Directors who can bring their expertise and experience to the assigned committees, and the duties are set out in formal Terms of Reference.

The Subcommittee Chairmen and Members meet the Corporate Executive Team members as and when required to discuss and develop proposals collectively in relation to the Group's strategy and key operational issues. Details of the responsibilities and operations of the subcommittees are given on pages [119](#) to [120](#).

CORPORATE GOVERNANCE

Committee	Composition and Role	Meeting Frequency
Audit Committee	<p>The Audit Committee (AC) comprise Non-Executive Directors, majority of whom are independent. Ms. Lai Choon Foong, is a member of recognised accounting bodies.</p> <p>The members of the Committee are:</p> <ul style="list-style-type: none"> • Mr Mohan Weerakoon – Chairman • Ms Lai Choon Foong • Mr Saman Fernando (Appointed w.e.f. 18 January 2021) <p>Mr Ananda Seneviratne (former Chairman) resigned w.e.f. 12 November 2020 Mr Mohan Weerakoon was appointed as the Chairman of the Committee w.e.f. 18 January 2021.</p> <p>The GCEO, CEO, Group Chief Financial Officer (GCFO) and the Group Chief Internal Auditor (GCIA) attend the meetings by invitation. The GCIA reports directly to the AC.</p> <p>The AC assists the Board in its oversight and monitoring of financial reporting, Group's Risks Management, revenue assurance functions, and internal controls. The AC report on pages 126 to 128 of the Annual Report sets out in detail the Committee's policies, practices, and areas of focus.</p>	A minimum of four meetings per annum and at such other times as the Chairman of the Committee shall require.
Remuneration and Nomination Committee	<p>The Remuneration & Nomination Committee (R&NC) comprises Non-Executive Directors, majority of whom are independent.</p> <p>The members of the Committee are:</p> <ul style="list-style-type: none"> • Mr Chan Chee Beng – Chairman • Mr Lawrence Paratz • Mr Rohan Fernando <p>The activities of the R&NC include nomination, selection and appointment of Non-Executive Directors, GCEO, CEO and key senior officers, succession planning for the CEO and Senior Management, and review of Board composition, particularly in relation to the diversity of background, skills, and experience.</p> <p>It also provides support and guidance with regard to the Group's policy for determining the fees for Non-Executive Directors and remuneration of GCEO, CEO, CEOs of subsidiary companies, and Senior Management.</p> <p>The GCEO and CEO attends meetings by invitation, as and when required by the Committee.</p>	Once a year and at such other times as the Chairman of the Committee shall require.
Related Party Transactions Review Committee	<p>The Related Party Transactions Review Committee (RPT-RC) comprises Non-Executive Directors of whom two Directors were independent. The Chairman of the Committee is an Independent Director.</p> <p>The members of the Committee are:</p> <ul style="list-style-type: none"> • Ms Lai Choon Foong – Chairperson • Mr Mohan Weerakoon • Mr Saman Fernando (Appointed w.e.f. 18 January 2021) <p>The objective of the subcommittee is to ensure that the interest of shareholders are taken into account when entering into related party transactions and to enhance corporate transparency and promote fair transactions between SLT, its subsidiaries, and other related parties.</p> <p>The related party relationship with its subsidiaries is disclosed in the Notes to the Financial Statements. However, the Board believes that those transactions are exempted in accordance with the exceptions specified in the Listing Rules.</p>	A minimum of four meetings per year.

CORPORATE GOVERNANCE

Committee	Composition and Role	Meeting Frequency
Technology Subcommittee	<p>The Technology subcommittee (TSC) comprises Independent Non-Executive Directors.</p> <p>The members of the Committee are:</p> <ul style="list-style-type: none"> • Mr Lawrence Paratz – Chairman • Mr Lalith Seneviratne <p>The TSC comprises Directors with technical expertise who are assigned the task of studying available technology and providing a platform for engaging in intense technical discussions and looking at roadmaps with a long-term perspective. CEO and Senior Management members of SLT and Mobitel attend meetings of the TSC as permanent members in order to maintain Group synergies when major decisions are made. If required, CEOs of subsidiary companies are also invited to attend meetings.</p> <p>Therefore, TSC primarily focuses on best strategies to increase organisational efficiencies; support the advancement of professional staff capabilities, and develop a flexible delivery system to effectively respond to new technological advances and information. It is also the responsibility of the Committee to review the existence and appropriateness of plans and processes, planned and achieved Network performance and methods of assessment, and the Company's technology, people and skill plans and their implementation.</p>	As and when required.
Senior Tender Board	<p>The Senior Tender Board (STB) comprises Non-Executive Directors.</p> <p>The members of the Committee are:</p> <ul style="list-style-type: none"> • Mr Saman Fernando – Chairman • Ms Lai Choon Foong • Mr Lawrence Paratz • Mr Mohan Weerakoon <p>Mr Ananda Seneviratne resigned w.e.f. 12 November 2020. Ms Lai Choon Foong, stepped down from the position of Chairperson of the Committee with effect from 18 January 2021. Mr Saman Fernando was appointed as a member and the Chairman of STB effective 18 January 2021.</p> <p>The CEO and the GCFO are appointed to the Committee by the Board to review the Group's procurement needs.</p> <p>The procurement function involves a standard procurement process approved by the Board where, all common procurement processes are consolidated at the Group level for SLT and its subsidiaries. Therefore in order to increase efficiencies and reduce risk, the Board has delegated the approval limits for procurement as follows:</p> <ul style="list-style-type: none"> • Board of Directors – Value exceeding LKR 75 Mn. • Senior Tender Board – Value between LKR 25 Mn. and LKR 50 Mn. • Junior Tender Board – value less than LKR 25 Mn. 	Prior to every Board meeting

Indemnities to Directors

In accordance with the AoA of the Company, Directors are granted an indemnity from the Company to the extent permitted by law in respect to liabilities incurred as a result of the performance of their duties in their

capacity as Directors to the Company. The indemnity would not provide any coverage to the extent the Director is proven to have acted fraudulently or dishonestly. The Company has maintained Directors' and Officers' Liability Insurance cover throughout the year.

Role of the Chairman and Chief Executive Officer

Distinction between strategic and operational matters is clearly established in terms of division of responsibility of the Chairman and the Chief Executive Officer. The Chairman of the Board of

CORPORATE GOVERNANCE

SLT is a non-executive appointment and focuses on strategic issues and monitoring the business and executive team. He ensures Board procedures are followed and all Board members effectively participate during meetings.

The CEO is responsible for day-to-day management of the business and leadership of the executive team, and execution of the Group's strategic and operating plans in consultation with the GCEO. The Chairman meets the GCEO and CEO regularly to discuss any issues pertaining to the Company's performance, operational matters, and human resources.

CEO performance evaluation

At the beginning of each year, the CEO presents his performance objectives for the upcoming year to the R&NC for their recommendation to the Board. At the end of the year, the Board meets to discuss the CEO's performance for the current year against his performance objectives. The Board of Directors and the CEO then meet to review the CEO's performance evaluation and compensation.

The Company Secretary

The Company Secretary is responsible to the Board and is available to individual Directors in respect of Board procedures.

The Company Secretary supports the Chairman in delivery of the agenda, in particular the planning of the annual cycle of Board and Board Committee meetings, and ensures that information is made available to Board members in a timely fashion. He also advises the Directors on Board procedures and corporate governance matters.

He also functions as the Secretary to all the Board subcommittees as well. The Company Secretary is an Attorney-at-Law and an Associate Member of the Institute of Chartered Governance Institute, United Kingdom.

The appointment or removal of the Company Secretary is a matter for the Board as a whole.

Internal control and risk management

Internal control framework currently in place is set by the risk management framework, financial control, internal audit and supporting policies. The aim of SLT's internal control framework is to assure that operations are effective and well aligned with the strategic goals. The internal control framework intends to ensure correct, reliable complete and timely financial reporting and management information. The framework endorses ethical values, good corporate governance and risk management practices.

SLT uses systematic risk management to develop the efficiency and control of business operations as well as their profitability and continuity.

Investment Governance Boards (IGB)

Strategic Governance Board comprising the CEO and the Chief Officers of each functional area are given the responsibility of studying the requirements of cross functional areas and introducing solutions in a transparent manner.

The six cross functional governance boards previously introduced have reduced to four in an attempt to improve in capital investment decision, enhance supply chain management and better utilisation of Group resources.

Corporate Ethics

SLT has adopted a Code of Ethics for Directors and a more detailed Code of Conduct for the employees, which extended to third parties who deal with the Company. The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with SLT, its competitors, customers, suppliers, and the community. Processes and standards in the Code are intended to enhance investor confidence and rapport, and to ensure that decision-making is properly carried out in the best interests of the Group. The Code covers areas such as equal opportunity employment practices, workplace health and safety, conduct in the workplace, business conduct, protection of SLT's assets, proprietary information and intellectual property, data protection, security, resilience, conflict of interest, and non-solicitation of customers and employees. The Code is posted on SLT's internal website. Policies and standards are clearly stipulated to guide employees in carrying out their daily tasks.

Material contracts

There are no material contracts entered into by SLT or any of its subsidiaries that involve the interests of the CEO, any Director, or the controlling shareholders, Secretary to the Treasury and the Global Telecommunications Holdings, N.V.

Remuneration of Non-Executive Directors

The R & NC reviews and proposes the Non-Executive Directors' fees based on experience and skills of the Directors and the complexity of the Group's business and operations, for the approval of the Board.

CORPORATE GOVERNANCE

The fees for Non-Executive Directors other than the Chairman comprised a fee for attendance at Board and Board's subcommittee meetings.

The aggregate Directors' fees paid to the Directors for the financial year ended 31 December 2020 is given in Note 7 of the Financial Statements.

Mr. Rohan Fernando, Chairman, who was appointed to the Board in January 2020 has declined to accept the fee due to him as the Chairman.

Remuneration of Senior Management

The remuneration framework and policy is designed to support implementation of the Group's strategy and enhance shareholder value.

The following are the principles for remuneration to Senior Management:

- Set and link appropriate corporate and individual performance metrics based on the medium and long-term targets to the remuneration for evaluation of performance to support business strategies
- Offer competitive packages to attract and retain highly experienced and talented individuals

SLT's CEO is the head of management and is, therefore, remunerated as part of Senior Management. The R & NC recommends the salary package of the CEO to commensurate with his qualifications and experience for the approval of the Board. The CEO's performance is assessed against the

key performance indicators agreed upon at the beginning of each year and compensate accordingly.

Constructive use of the Annual General Meeting

The Annual General Meeting is used for constructive engagement with investors, and all shareholders are encouraged to participate. Chairpersons of subcommittees will be available at the AGM to answer any questions from shareholders.

Major transactions

The Board of Directors, as required by Section 185 of the Companies Act, disclose to shareholders all proposed corporate transactions detailing all facts associated with such transactions that are of material value to SLT. There were no major transactions entered into by SLT during the year 2020.

Related party transactions

The Board of Directors has applied rules issued by the CSE on related party transactions throughout its decision-making process to avoid any conflicts of interest that may occur. The Board has recognised the importance of a Related Party Transactions Committee under the Board of Directors to enhance corporate transparency and promote fair transactions between SLT and its subsidiaries. Accordingly, a RPT- RC was

formed comprising three Non-Executive Directors with the objective of ensuring that the interests of shareholders are taken into account when entering into RPTs.

The Company has a related party relationship with its subsidiaries as disclosed in Note 32 of the Notes to the Financial Statements. However, the Board believes those transactions are exempted in accordance with exceptions specified in the Code of Best Practices on Related Party Transactions issued by the SEC and Listing Rules. All these are recurrent transactions and are in the ordinary course of business of the Company.

Statement of Compliance

SLT is fully compliant with the requirements stipulated in Section 7.10 on "Corporate Governance" of the Continuing Listing Requirements of the CSE issued in 2010 and subsequent amendments/guidelines thereto. See the table on pages [123](#) to [125](#) for the rules on "Corporate Governance principles" and the degree of compliance to the said rules.

In addition, the Board of Directors to the best of their knowledge and belief is satisfied that all statutory payments due to the Government, other regulatory bodies and those payments related to employees of SLT, have been made in a timely manner.

CORPORATE GOVERNANCE

Statement of Compliance under the Rules of CSE on Corporate Governance			
CSE Rule Number	CSE Rule	Compliance Status	SLT Action
7.10. a,b,c	Compliance Compliance with Corporate Governance Rules		SLT is in compliance with the Corporate Governance Rules
7.10.1	Non-Executive Directors (NED)		
(a), (b), (c)	Two members or 1/3 of the Board, whichever is higher, should be NEDs.		As at 31 December 2020, seven out of eight Directors are Non-Executive Directors
7.10.2	Independent Directors (ID)		
(a)	Two or 1/3 of NEDs, whichever is higher, should be independent		As at 31 December 2020, four out of the seven NEDs are Independent
(b)	Each NED should submit a declaration annually of his/her independence or non-independence		All NEDs have submitted signed declaration confirming their independence/non-independence
7.10.3	Disclosures relating to Directors		
(a)	The Board shall annually determine the independence or otherwise of the NEDs Names of the IDs should be disclosed in the Annual Report		The Board annually determines as to the independence or non-independence of each NED based on the declaration submitted by them and the names of the Independent Directors are set out in the Annual Report
(b)	In the event a Director does not qualify as “independent” against any of the specified criteria, the Board taking account all the circumstances, may determine the Director Independent and such basis of determination should be set out in the Annual Report		Mr Lawrance Paratz has served on the Board continually from 2010. The Board believes that the independence of Mr Paratz is not compromised by him serving on the Board for a period exceeding nine years from his appointment
(c)	A brief résumé of each Director should be included in the Annual Report including the Director’s experience		A brief description of each Director is given in the Board of Directors Section of the Annual Report
(d)	Upon the appointment of a new Director a brief résumé of newly appointed Director be provided to CSE		A résumé of Mr Saman Fernando who was appointed during the year has been submitted to the CSE along with the Announcement
7.10.4	Determination of Independence		
(a-h)	Requirements for meeting the criteria to be an Independent Director		The independence of the Board of Directors has been determined in accordance with the requirements of the CSE Listing Rules. Accordingly, four NEDs are considered Independent as at 31 December 2020
7.10.5	Remuneration Committee (“RC”)		
	Composition		
(a)	Committee shall comprise a minimum of two IDs or of NEDs, a majority of whom shall be independent One NEDs shall be appointed as Chairman of the Committee by the Board of Directors		RC comprises three NEDs out of whom two are Independent Chairman of the Committee is a NED

CORPORATE GOVERNANCE

Statement of Compliance under the Rules of CSE on Corporate Governance			
CSE Rule Number	CSE Rule	Compliance Status	SLT Action
(b)	Functions		
	RC shall recommend the remuneration of the EDs and CEO	✓	The Board considering the recommendation of the R & NC determines the remuneration payable to the GCEO/ED and the CEO. Fees for Non-Executive Directors comprised a fee for attendance at Board and Board's subcommittee meetings.
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the RC	✓	Refer Board Subcommittees under Corporate Governance.
	Statement of Remuneration Policy	✓	Refer Board Subcommittees under Corporate Governance.
	Aggregated remuneration paid to EDs and NEDs	✓	Refer Board Subcommittees under Corporate Governance and Note 7 to the Financial Statements
7.10.6	Audit Committee (AC)		
(a)	Composition		
	The Committee shall comprise a minimum of two IDs or of NEDs, a majority of whom shall be independent	✓	AC comprised three NEDs out of whom two NEDs are considered independent
	One NED shall be appointed as the Chairman of the Committee	✓	The Chairman of the Committee is an Independent Director.
	CEO and Chief Financial Officer (CFO) should attend AC meetings	✓	The GCEO, CEO, GCFO, GCIA and the External Auditors attended the Meetings by invitation
	Chairman of the AC or one member should be a member of a professional accounting body	✓	Ms Lai Choon Foong, a member of the AC is a member of professional accounting bodies
(b)	Functions		
	Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards	✓	AC assists the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company and the Group
	Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	✓	AC has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country and also recommending to the Board, on the adoption of best accounting policies
	Overseeing of the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	✓	AC assesses the effectiveness of internal control and risk management
	Assessment of the independence and performance of the External Auditors	✓	AC assesses the External Auditor's performance, qualifications and independence
	Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditor	✓	Committee is responsible for appointment, re-appointment and removal of External Auditors and also the approval of the remuneration and terms of engagement

CORPORATE GOVERNANCE

Statement of Compliance under the Rules of CSE on Corporate Governance			
CSE Rule Number	CSE Rule	Compliance Status	SLT Action
(c)	Disclosure in the Annual Report		
	Names of Directors comprising the AC	✓	Refer Board Subcommittees under Corporate Governance
	The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	✓	Refer the Report of the AC in the Annual Report
9.2	Related Party Transactions Review Committee (RPT - RC)		
9.2.1	RPT - RC shall review all related party transactions except for transactions set out in Rule 9.5 of the Listing Rules	✓	All related party transactions have been reviewed by the RPT RC except for transactions set out in Rule 9.5
9.2.2	Committee shall comprise a combination of NEDs and INEDs. ED may also be appointed at the option of the Company	✓	RPT - RC comprise three NEDs of which two are INEDs
	INED shall be appointed as the Chairman of the Committee	✓	Chairman of the Committee is a INED
9.2.3	In the event where the parent and the subsidiary are listed entities the RPT - RC of the parent can function as the RPT - RC of the subsidiary	✓	The Company has appointed a RPT - RC
	If the Parent Company is not listed the subsidiary shall have a separate RPT - RC		
9.2.4	RPT - RC shall meet atleast once a calendar quarter. Minutes of all the meetings should be documented and communicated to the Board	✓	Committee meet four times during the financial year The Minutes of the RPT - RC meeting are submitted to the Board
9.2.5 to 9.2.7	Members should ensure that they have access to enough knowledge and expertise to assess proposed related party transactions		Members have access to enough knowledge or expertise to assess all aspects of proposed related party transactions
	Committee may request the Board to approve related party transactions under review by the Committee		Committee did not refer any related party transactions under their review to the Board for approval during the year
	A Director who has material personal interest in a related party transaction shall not participate and vote on the matter		Directors did not have material personal interest in any related party transactions carried out during the year
9.3	Disclosures		
9.3.1	Immediate Disclosures	✓	There were no related party transactions that required immediate disclosure to the CSE
9.3.2	Disclosures in the Annual Report	✓	There were no Non-recurrent or Recurrent related party transaction that required disclosure in the Annual Report. Please refer Annual Report of the Board of Directors for an affirmative Statement of Compliance with the Rules on Related Party Transactions

AUDIT COMMITTEE REPORT

During the year, the Audit Committee continued to assist the Board in fulfilling its oversight responsibilities by monitoring and reviewing the integrity of the Group's financial reporting, effectiveness of the internal and external audit functions, revenue assurance capabilities, fraud and risk management, and cyber security. The Committee was particularly focused on the impact of the COVID-19 pandemic on the business, in terms of financial performance, new and emerging risks, crisis management as well as business continuity and resilience.

Membership

The Committee comprised three Non-Executive Directors, of whom two were independent Non-Executive Directors whose biographical details are set out on pages [102](#) to [106](#).

The members of the Committee are:

- Mr Mohan Weerakoon, PC – Chairman
- Mr Saman Fernando
- Ms Lai Choon Foong

The Committee is chaired by Mr Mohan Weerakoon who was appointed as the Chairman of the Committee on 18 January 2021 in place of Mr Ananda Seneviratne, former Chairman of the Committee who ceased to be a member of the Committee upon his resignation from the Board w.e.f. 12 November 2020. Mr Saman Fernando was appointed as a member of the Committee on 18 January 2021.

Ms Lai Choon Foong, is a member of Chartered Accountant of the Malaysian Institute of Accountants and a CPA of CPA Australia. The Board has satisfied themselves that the current members

of the Audit Committee are competent in financial matters and have a good mix of skills, expertise and experience in commercial, telecommunications and audit matters.

Other attendees at Committee meetings (or part thereof) were the Group Chief Executive Officer, Chief Executive Officer, Group Chief Financial Officer, Group Chief Internal Auditor, representatives of External Auditors and Group Company Secretary. Other members of Senior Management are also invited to attend as appropriate, to present reports and provide response to the audit issues presented to the Committee. Throughout the year, the Committee members met with the External Auditors without the presence of Management, allowing the Committee to discuss key issues directly.

Role of the Committee

The role and responsibilities of the Audit Committee are set out in written Terms of Reference, which is available in SLT's corporate website. The Committee conducts its affairs in compliance with the Terms of Reference.

The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Board:

- Oversight of the integrity of the Financial Statements of the Group and Company;
- Review of its quarterly and annual Financial Statements followed by recommendation of same for the approval of the Board;

- Oversight of the risk management and internal control systems and processes;
- Oversight of its compliance with legal and regulatory requirements;
- Oversight of the External Auditors' independence and recommendation of their fees for the approval of the Board; and
- Review of the effectiveness of the internal audit functions.

Financial Reporting

The purpose of internal control over financial reporting is to ensure the accuracy, completeness and timeliness in the Management's reporting of interim and annual financial results of the Group and its subsidiaries.

SLT's financial reporting consists of monthly, quarterly and annual financial and management reports, including the reporting of actual results against the budget, targets, key performance indicators and forecasts.

The Audit Committee and the Board of Directors review the financial and management reports on a regular basis, and directs the Management on the strategies and plans required to improve the performance of the Group and its subsidiaries.

External Auditors

At the AGM held in July 2020, the shareholders approved the appointment of Ernst & Young as the External Auditors. On the recommendation of the Audit Committee, the Directors will be proposing the re-appointment of Ernst & Young as the External Auditors at the AGM to be held in April 2021.

AUDIT COMMITTEE REPORT

Auditor's independence

The Audit Committee is responsible for the monitoring of policies and procedures on the use of the External Auditor for non-audit services in accordance with professional and regulatory requirements.

The External Auditors have confirmed that in relation to the audit of SLT Financial Statements for the year ended 31 December 2020, they are independent within the meaning of Section 163, subsection 3(a) of the Companies Act No. 07 of 2007.

These policies are kept under review to ensure that the Group benefits, in a cost-effective manner, from the cumulative knowledge and experience of its External Auditor whilst also ensuring the necessary degree of their independence and objectivity.

The Committee also ensures that fees incurred, or to be incurred, for non-audit services both individually and in aggregate, do not exceed the fees recommended for the external audit and take into account the relevant ethical guidance for External Auditors.

Auditor's fees

The fees paid to the External Auditor for the audit of SLT and its subsidiaries during the financial year 2020 are disclosed in Note 7 to the Financial Statements.

Internal Audit and Compliance

Internal Audit

SLT's Group Internal Audit function conducts audits based on an annual audit plan approved by the Committee. It also conducts investigations at the request of Senior Management, Committee or the Board of Directors.

The Committee oversees the adequacy and effectiveness of the Group's systems of internal control, compliance and risk management as well as monitors the effectiveness, performance and objectivity of the Internal and External Auditors.

To fulfil its duties, the Committee also considered:

- internal audit's reporting line and access to the Committee and members of the Board;
- internal audit's plans and achievement of its plans;
- key audit findings, adequacy of Management's response and timeliness of their corrective action; and
- adequacy of internal audit's resources.

Risk Management

SLT has implemented an enterprise Risk Management Framework which covers the strategic, operational, compliance and financial risks of the Group.

The risk management function has focused on assessing various risks arising from the impact of the pandemic and cyber security, of which the Management has taken appropriate action to mitigate these risks.

The Committee reviews the adequacy of the risk management function in identifying and assessing key risks, and in working with the Management to mitigate these risks through appropriate and timely action.

Revenue Assurance and Fraud Management

The key objective of the Revenue Assurance function and Fraud Management function is to minimise revenue leakages and frauds penetrated by internal or external parties.

The Committee reviews the findings and recommendations of these functions and ensures that appropriate and timely action is taken by the Management to minimise revenue leakages and frauds.

Meetings of Committee

The Committee met six times during the year 2020. The attendance of the Directors at the Committee meetings is given in page [118](#) of the Annual Report.

AUDIT COMMITTEE REPORT

Activities during 2020

Month of meeting	Key activities
06 February 2020	<ul style="list-style-type: none"> Reviewed internal audit findings on two SLT subsidiaries and the implementation of internal audit recommendations Reviewed the findings of revenue assurance and fraud management functions Reviewed the update on enterprise risk management Reviewed the policies and procedures for signing authorities and management of petty cash, inventory and capital expenditure Reviewed and approved the internal audit plan for 2020 Held discussions with the external auditors without the presence of management.
27 February 2020	<ul style="list-style-type: none"> Reviewed and recommended the interim financial statements for year ended 31st December 2019 for the approval of the Board
22 May 2020	<ul style="list-style-type: none"> Reviewed management's responses and corrective action taken by the issues raised by the external auditors in their management letter Recommended the audit fees of SLT and its subsidiaries for year 2020 to the Board for approval Reviewed and recommended the audited financial statements of SLT and its subsidiaries for financial year ended 31 December 2019 for the approval of the Board Reviewed internal audit findings/recommendations and management action taken to resolve the issues
11 August 2020	<ul style="list-style-type: none"> Reviewed and recommended the interim financial statements for the period ended 30 June 2020 for the approval of the Board Reviewed the findings of revenue assurance and fraud management functions Reviewed the update on enterprise risk management Reviewed the internal audit findings/recommendations and Management action taken to resolve the issues Reviewed and recommended enhanced policies for debtors, opex management and capex management for the approval of the Board Held discussion with the External Auditors without the presence of the Management
28 October 2020	<ul style="list-style-type: none"> Reviewed and recommended the interim Financial Statements for period ended 30 September 2020 for the approval of the Board Reviewed and approved the audit plan presented by the External Auditors Reviewed the progress made on revenue assurance and fraud management Review the update on enterprise risk management Reviewed internal audit findings/recommendations and Management action taken to resolve the issues
09 November 2020	<ul style="list-style-type: none"> Reviewed the progress made on revenue assurance and fraud management Reviewed the update on enterprise risk management Reviewed the internal audit findings/recommendations and Management action taken to resolve the issues

On behalf of the Group Audit Committee

Mohan Weerakoon, PC
Chairman of the Audit Committee

9 March 2021

REMUNERATION AND NOMINATION COMMITTEE REPORT

The Remuneration and Nomination Committee of the Board, whose membership is set out below, consists solely of Non-Executive Directors of whom majority are independent Non-Executive Directors;

- Mr Chan Chee Beng – Non-Executive Director (Chairman)
- Mr Lawrence Paratz – Independent Non-Executive Director
- Mr Rohan Fernando – Independent Non-Executive Director

Mr Rohan Fernando, Chairman of the Board was appointed to the Committee as a member with effect from 7 February 2020.

The Company Secretary functions as the Secretary of the Committee.

The Committee function as the Group Remuneration and Nomination Committee. The Group Chief Executive Officer (GCEO), Chief Executive Officer (CEO), Group Chief Financial Officer (GCFO), Chief People's Officer and external advisers are invited to attend for all or any part of the meeting as required.

Role and responsibilities

The principal tasks of the Committee include;

- Recommend to the Board on formulation of proposals in respect of the remuneration policy of Non-Executive Directors, Executive Director/GCEO, CEO of SLT and its subsidiaries and Executive Management of SLT.
- Nominate for Board's approval suitable candidates to fill casual vacancies as the need arises.
- Review the career and development plans for the Company's most senior members of management with a view to ensure that there is an adequate talent pool.
- Review and recommend annual bonus payments and annual salary increments for all employees of SLT Group.

The GCEO and the CEO of respective companies are fully consulted on remuneration proposals.

The Committee operates within agreed Terms of Reference and is committed to ensure that remuneration arrangements align – reward with performance.

Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's executive team, with market competitive remuneration and benefits, to support the continued success of the business and creation of shareholder value.

The remuneration packages which are linked to individual performances are aligned with the Company's short-term and long-term strategy. The Committee makes every endeavour to maintain remuneration levels that are sufficient to attract and retain members of the Senior Management team.

All Non-Executive Directors receive a fee for serving on the Board and serving on Board committees based on their attendance at meeting. They do not receive any performance related incentive payments.

The Chairman has declined the fee approved for the Chairman by the Board previously.

GCEO, CEO and the Senior Management's remuneration

The main elements of the remuneration package for the GCEO, CEO and Senior Management are basic salary, benefits, and performance related annual bonus. Payment of an annual bonus depends on achievement of operating profit targets and personal goals. The salary of the GCEO, CEO and the Senior Management are reviewed annually in January having regard to the year-on-year inflation

of the country, the organisational performance and the individual performance.

Details of the overall Directors' remuneration charged to the Group Income Statement is shown in Note 7 of the Financial Statements.

The Directors have no beneficial interests in any of the Group's subsidiary undertakings.

Activities carried out during 2020

The Committee met on two occasions during the year 2020 and the activities carried out are summarized below.

- Recommended promotions to the position of Senior Management
- Recommended extension of service of senior officers of permanent and fixed term of contract of employees
- Performance review of Senior Management
- Recommended payment of annual bonus and increments for employees of SLT and its subsidiaries.
- Performance evaluation of the GCEO
- Reviewed and recommended the implementation of Group organisational structural changes across the Company
- Reviewed and recommended the succession planning and individual development plans for Chief Officer positions for the approval of the Board.

On behalf of the Remuneration and Nomination Committee

Chan Chee Beng
Chairman

9 March 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Objective

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (The Code) and with the Listing Rules of the Colombo Stock Exchange (CSE).

Composition

The Committee comprised of three Non-Executive Directors of whom two were Independent Non-Executive Directors. The members of the Committee are:

- Ms Lai Choon Foong – Chairperson
- Mr Mohan Weerakoon, PC
- Mr Saman Fernando

Mr Ananda Seneviratne, ceased to be a member of the Committee with effect from 12 November 2020 subsequent to his resignation from the Board of SLT.

Mr Mohan Weerakoon, stepped down from the position of Chairman with effect from 18 January 2021 and Ms Lai Choon Foong, was appointed as the Chairperson of the Committee with effect from that date.

In compliance with the requirements of the Listing Rules of the CSE, the Chairman of the Committee is an Independent Director.

The Company Secretary functions as the Secretary of the Committee.

Meetings of Committee

The Committee met four times during the financial year 2020 and the attendance at these meetings is shown in the Corporate Governance Report on page 118. The Group Chief Financial Officer attended the meetings by invitation.

The activities and views of the Committee have been communicated to the Board of Directors, through verbal briefings, and by tabling the minutes of the Committee's meetings.

Policies and procedures

The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

Activities during 2020

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the financial year are disclosed in Note 32 to the Financial Statements.

Declaration by the Board

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 136 to 140 as a negative statement to the effect that no related party transaction failing within the ambit of Rule 9.3.2 of Listing Rules of the CSE was entered into by the Company during the year.

On behalf of the Related Party
Transactions Review Committee

Lai Choon Foong (Ms)
Chairperson

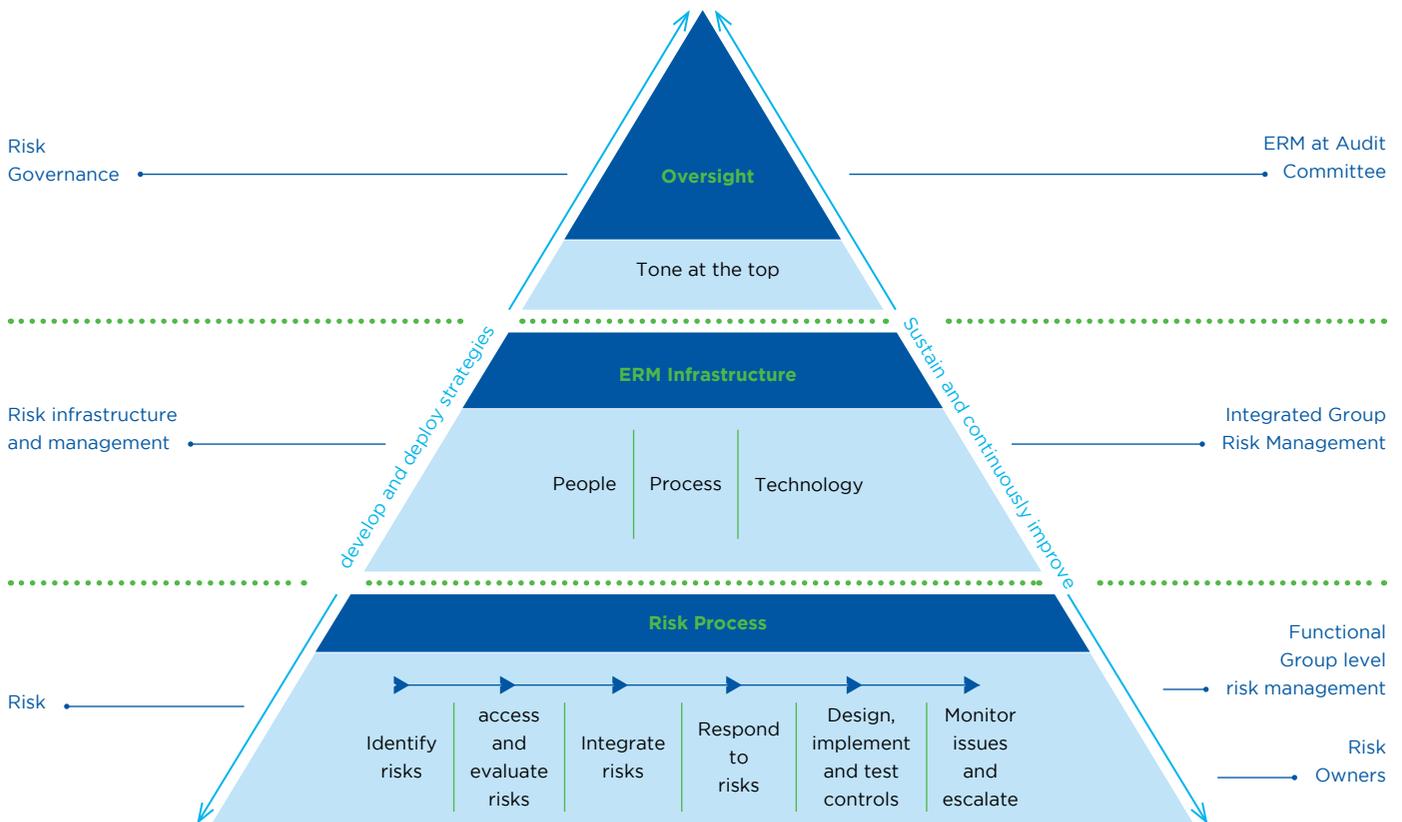
9 March 2021

ENTERPRISE RISK MANAGEMENT

This year has been with added experience to many business globally due to the impact of COVID 19 outbreak. Business Continuity risk has widely been encountered in most of the industries so that there were different dimensions of the enterprise risks identified as many economies including developed countries have resulted in contraction. Therefore, enterprise risks have been reviewed to meet various challenges and responding to such business uncertainties as result

of limitations of people movements during the outbreak and international trades. Companies those who have not been able to change the business models and address necessary changes its value chain could not be able to sustain, and those have been continually impacted to various other business. Process and technology had played a vital role in many enterprises to manage the risks during the pandemic period.

Business continuity and risk management are items that go in hand in hand. Companies make contingency plans to ensure business continuity in crisis situations, but current prolonged socio-economic situation shall carefully been assessed with various strategies and remedies while being taking advantages of the new situation as an opportunity. While a few industries such as supply chain, telecom, IT, healthcare are critically essential during this period have been undergoing various other risks in ensuring the network relevance its capacities for supplying in a safe environment of its employees.



ENTERPRISE RISK MANAGEMENT

SLT was to respond such challenges to continue business with the stakeholders. We have been discussing risks at functional level, accessing risk for project management and escalating risks to top management through different management meetings dedicated for Enterprise Risk Management. Enterprise risks are managed with maturity at different levels with underlying actions for risk mitigations and escalating risks to higher management based on its severity levels.

Given below is a summary risks with a brief description of each risk, their risk level and the actions taken to mitigate them.

	Context	Risk Level	Mitigation Actions and Opportunities arising
Financial risks	Financial markets continue to be volatile and operating cost increases with uncertainties evolving with the waves of COVID-19 pandemic around the globe. Collection, devaluation of exchange rates, bulk discounts and concessions to customers have affected cash flows and financial performances.	Very High	<ul style="list-style-type: none"> • New payment channels are introduced to customer and online bill payment facilities are continually promoted. • Strict controls on inventory management • Foreign currency hedging • Vendor financing or deferred payment options
Technology risk	<p>Telcos have experienced significantly higher demand for network resilience as experienced during pandemic due to increased demand for online education, Work From Home and various transactions over the net.</p> <p>Technology and design criteria are been reviewed to ensuing required capacities and quality of services, while serving with tailor made products to suit for the pandemic behaviors.</p> <p>To enable a digital ecosystem in country, the organisation itself has to drive the digital transformation within itself.</p>	High	<ul style="list-style-type: none"> • Fiber networks have inherently provided the services with least deterioration of services while 4G LTE wireless networks provided quick services provisioning together with mobile services. • Successfully completed 5G trials • Our systems and network are upgraded with latest technologies to provide IoT, cloud services to Sri Lankans. Further, we exploit the new normalcy opportunities in digital economy through our superior connectivity solutions both locally and globally.

ENTERPRISE RISK MANAGEMENT

	Context	Risk Level	Mitigation Actions and Opportunities arising
People risk	<p>Talent attraction, developing talents and retaining the best talent is a key focus in the industry.</p> <p>Workforce diversity and digital talent has become important than ever as digital transformation has been the focus for business continuity</p> <p>Further, ensuring the health and safety of our employees during this period became a necessity.</p>	Medium	<ul style="list-style-type: none"> • Restructuring and re-alignment of our workforce to drive the digital transformation. • Continuously train and develop skills of our employees on new technologies, tools and global practices. • Performance culture is embraced and continuously promoted. • Introduced WFH arrangements with the COVID-19 outbreak and it continues.
Operational risk	<p>The global COVID-19 pandemic and subsequent restricted movement impact various aspects of our operations and business activities. Telecommunication operators had to step up their support to government to drive the economy, social well-being despite the situation. Engagement with industry verticals especially the public, understanding and responding to their expectations became necessary.</p> <p>In addition to pandemic, the developing global political conflict and trade wars impact telecom industry as it is dominated by a few of vendors. Loss of supply due to a key vendor suffering business failure or trade ban may significantly affect our core business and operations.</p>	High	<ul style="list-style-type: none"> • Business continuity plan (BCP) programme activated and responded the pandemic confidently. • Adhered to health and safety guidelines. • Facilitated with extra precautions for continuing operations with least interruptions. • Work From Home (WFH) setup established • Encouraged customers to continue working and learning using technology

ENTERPRISE RISK MANAGEMENT

	Context	Risk Level	Mitigation Actions and Opportunities arising
Data privacy and cyber security risk	Ensuring data privacy and protection of our consumers and businesses amidst rising concerns of data breach, theft, loss and misappropriation of information is crucial in competitive environment. Failure to adequately prevent or respond to such incidences could adversely impact customer confidence; result in significant fines, business disruption and lead to reputational damage.	High	<ul style="list-style-type: none"> • Increased vigilance and monitoring of security vulnerabilities • Review and revisiting tools, processes and capabilities of security operations • ISO security certification and regular audits
Business risk	Disruptive business models are evolved all the time and competition is increased all the time while industry also been converged with IT. OTT services and global trends challenges conventional business models while investments requirements are critically matters for transformations.	High	<ul style="list-style-type: none"> • Moving into new growth areas in ICT to create additional revenue streams through products and solutions such as OTT applications, managed services, cloud services, infrastructure services, cyber security, IOT services, data analytics and digital services. • Helaviru, Smart Home, SLT Lynked, eSiphala are few from our digital product portfolio that have identified and addressed new normalcy ICT needs of citizens.
Regulatory risk	Our operations, aligned with Government's vision are subjected to regulatory conditions, various other laws and regulations such as those relating to customer data privacy and protection, anti-bribery and corruption, and workplace safety and health. Failures to meet those requirements are liable to fines or other sanctions including litigation.	Medium	<ul style="list-style-type: none"> • Closely monitoring new developments in regulatory framework; regularly participate in discussions and consultations with the respective regulatory authorities and the industry to propose changes; and provide feedback on regulatory reforms and developments in the telecommunication industry

FINANCIAL REPORTS

- 136 - [ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY](#)
- 141 - [STATEMENT OF DIRECTORS IN RELATION TO THEIR RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS](#)
- 142 - [INDEPENDENT AUDITORS' REPORT](#)
- 145 - [STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME](#)
- 146 - [STATEMENT OF FINANCIAL POSITION](#)
- 147 - [STATEMENT OF CHANGES IN EQUITY - GROUP](#)
- 148 - [STATEMENT OF CHANGES IN EQUITY - COMPANY](#)
- 149 - [STATEMENT OF CASH FLOWS](#)
- 150 - [NOTES TO THE FINANCIAL STATEMENTS](#)

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to present their report and the Audited Financial Statements of the Company, Sri Lanka Telecom PLC and the Group for the financial year 2020.

Formation

Sri Lanka Telecom (SLT) was formed by an Incorporation Order made under Section 2 of the State Industrial Corporations Act No. 49 of 1957 and published in the Extraordinary Gazette No. 596/11 of 6 February 1990. Subsequently, in terms of an order made by the Minister of Posts and Telecommunications [“the Minister”] on 24 July 1991 under Section 23 of the Sri Lanka Telecommunications Act No. 25 of 1991 and published in the Gazette No. 675 of 9 August 1991 all properties, rights and liabilities (other than those excluded by the agreement entered into between the Minister and SLT as per sub-section 2 of Section 23 of the Sri Lanka Telecommunication Act) to which the Department of Telecommunications (DoT) was entitled or subject to immediately before the transfer date of 1 September 1991 were vested with SLT.

SLT was converted to a public limited company on 25 September 1996, under the Conversion of Public Corporations of Government Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987, vide Extraordinary Gazette No. 942/7 dated 25 September 1996 and the shares were listed in the Colombo Stock Exchange (CSE) in January 2003.

SLT was re-registered under the Companies Act No. 07 of 2007 as Sri Lanka Telecom PLC on 4 June 2007.

Principal group activities and review of the business

The Group provides a broad portfolio of telecommunication services across Sri Lanka, the main activity being domestic and international fixed and mobile telephone services. In addition, the range of services provided by the Group include, *inter alia*, internet services, IPTV, Wireless broadband, data services, domestic and international leased circuits, frame relay, satellite uplink and maritime transmission.

The Company’s interest in subsidiaries/joint ventures and their business activities are as follows:

Name of the subsidiary/Associate Company	Business activity
Mobitel (Pvt) Ltd.	Mobile telephone services
e-Channeling PLC	Information infrastructure for the healthcare industry
Mobit Technologies (Pvt) Ltd.	Software solutions provider
Sri Lanka Telecom (Services) Ltd.	Total network solutions
SLT Digital Info Services (Pvt) Ltd.	Directory information, event management and activation and digital services
SLT VisionCom (Pvt) Ltd.	IPTV support services
SLT Property Management (Pvt) Ltd.	Management of SLT’s real estate resources
SLT Campus (Pvt) Ltd.	Higher Education
Galle Submarine Cable Depot (Pvt) Ltd.	Repair and maintenance of submarine telecommunication cable systems to third parties.
Sky Network (Pvt) Ltd.	Operations ceased and the Company has commenced the process liquidate
SLT Human Capital Solutions (Pvt) Ltd.	Operation has ceased
Talentfort (Pvt) Ltd.	Human resource solutions

A detailed review of the Company’s activities, the development of its businesses, and an indication of likely future developments are given under Management Discussion and Analysis.

Impact of COVID-19 pandemic

SLT being the national communication service provider in Sri Lanka focused on providing uninterrupted service to the consumers, ensured smooth functioning of voice/data services and network quality during COVID-19 crisis as telecommunications services was identified as an essential service.

SLT as the national telecommunications provider activated the Company’s Business Continuity Plan (“BCP”) and effected changes in operations, supply chain, workforce movements, investments and strategies to cope with the unprecedented challenges posed by the COVID-19 pandemic.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Board of Directors

In terms of Section 168 (1) (h) of the Companies Act No. 07 of 2007 and the Listing Rules of the CSE, the names of persons who held the office as Directors of the Company during the financial year ended 31 December 2020 are given below:

Name of Director	Position	Date of Appointment	Date of Re-election
Mr Rohan Fernando	Chairman/INED	23 January 2020	15 July 2020
Mr Lalith Seneviratne	GCEO/ED	23 January 2020	15 July 2020
Mr Chan Chee Beng	NED	5 June 2008	12 May 2016
Mr Lawrence Paratz	INED	26 May 2010	15 July 2020
Ms Lai Choon Foong	INED	9 May 2014	24 May 2017
Mr Mohan Weerakoon, PC	INED	23 January 2020	15 July 2020
Mr Ranjith Rubasinghe	NED	23 January 2020	15 July 2020
Mr Ananda Seneviratne (Resigned w.e.f. 12 November 2020)	NED	23 January 2020	15 July 2020
Mr Saman Fernando	NED	10 December 2020	To be re-elected at the AGM

ED - Executive Director

NED - Non-Executive Director

INED - Independent Non-Executive Director

Brief profiles of the Directors are contained in the Board of Directors section in the Annual Report.

Appointment and re-election of Directors

In terms of the Articles of Association of the Company, the Directors are authorised to appoint any person to be a Director either to fill a casual vacancy or as an additional Director provided that the total number of Directors do not exceed the maximum number of Directors specified in the Articles of Association of the Company. The Directors appointed during the year will hold office only until the next Annual General Meeting (AGM) and will offer themselves for re-election by the shareholders.

In addition, one third of the Directors (or the number nearest to one third) retires by rotation at each AGM and offer themselves for re-appointment by the shareholders.

Mr Saman Fernando who was appointed to the Directorate on 10 December 2020 will offer himself for re-appointment in accordance with Article 97 of the Articles of Association of the Company.

Mr Chan Chee Beng, who has been longest in office since his last re-election, retire by rotation in terms of Articles 91 and 92 of the Articles of Association of the Company and being eligible offer himself for re-election.

Board subcommittees

In terms of Section 186 of the Companies Act, the Articles of Association of the Company and the Listing Rules the following mandatory and voluntary sub-committees have been appointed by the Board to focus in detail on a particular issue:

- Audit Committee
- Remuneration and Nomination Committee
- Senior Tender Board
- Technology Subcommittee
- Related Party Transactions Review Committee

Information relating to Subcommittees is given under Corporate Governance on pages [119](#) to [120](#).

Directors' indemnities and insurance

The Company maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors and officers.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Interest Register and Directors' interest in contracts with the Company

An Interest Register is maintained by the Company as per the requirement of the Companies Act No. 7 of 2007. The Directors have made necessary declarations as provided in Section 192 (2) of the aforesaid Companies Act. The interest Register is available for inspection by shareholders or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 7 of 2007.

The Company carries out transactions in the ordinary course of business at commercial rates with entities in which a Director of the Company is the Chairman or Director of such entities or holds substantial interest in such entities.

The Directors have no direct or indirect interest in any contract or proposed contact with the Company for the year ended 31 December 2020 other than those disclosed in Note 32 to the Financial Statements.

The Directors have declared all material interest in contacts involving the Company and have refrained from voting on matters in which they have a material interest.

Related party transactions

Transactions if any that could be classified as Related Party Transactions in terms of LKAS 24 – Related Party Disclosures are given in Note 32 to the Financial Statements.

The Directors confirm that the related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee (RPT – RC) and are in compliance with the Section 09 of the CSE Listing Rules

The RPT – RC confirms that non-recurrent related party transactions carried out during the year does not exceed 10% of the equity or 5% of the total assets of the listed entity. In addition the aggregate value of the recurrent related party transactions carried out with individual related entities during the year does not exceed 10% of the gross revenue.

Directors and Chief Executive Officer's shareholding

The Directors did not hold shares in the Company or its subsidiaries during the financial year under review.

The shareholding of the CEO is given below:

	Number of shares	
	01 January 2020	31 December 2020
Chief Executive Officer	1,563	1,563

Remuneration and other benefits of Directors

The remuneration and other benefits received by the Directors are given in Note 7 to the Financial Statements as required by Section 168 (1) (f) of the Companies Act.

Issue of shares and debentures

Stated capital

The Stated Capital of the Company as at 31 December 2020 was LKR 18,048,600,000/- divided into 1,804,860,000 ordinary shares. There were no changes to the issued capital of the Company during the year under review.

Substantial shareholding

The following shareholders held more than 5% of the issued shares as at 31 December 2020:

Secretary to the Treasury (Government of Sri Lanka)	49.50%
Global Telecommunications Holdings N.V. of Netherlands	44.98%

Voting rights

Ordinary shareholders are entitled to receive notice and to vote and speak at any general meeting of the Company. A shareholder entitled to attend and vote at a general meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

Every shareholder present in person or by proxy (or being a corporation present by a duly authorised representative) shall have one vote on a show of hands and one vote for every share held by him on a poll.

Details of the Company's Stated Capital are set out in Note 28 to the Financial Statements.

The Company in April 2018 issued 70,000,000 Senior Unsecured Redeemable Rated 10-year (2018/2028) Debentures as indicated below:

Type of Debentures	Interest rate (per annum)	No. of debentures issued
Type A	12.75% payable annually	20,760,000
Type B	12.75% payable semi-annually	49,240,000

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Minimum public holding requirement

Private placement

Given that the two controlling shareholders and other Government connected institutions are considered “non-public”, the public free float has reduced to 4.78% of the shareholding. In view of the current situation, SLT is proposing the issue of a maximum of 104,628,852 new ordinary voting shares representing 5.48% of the issued share capital post Private Placement in order to comply with the rules on minimum public float issued by the CSE. The funds expected to be raised through the Private Placement will be utilised to restructure the debt portfolio of SLT.

Financial Statements

The Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRs/LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No. 7 of 2007.

The significant accounting policies adopted by the Group and Company in preparing the Financial Statements are set out on Note 3 to the Financial Statements. These policies, and applicable estimation techniques, have been reviewed by the Directors who have confirmed them to be appropriate for the preparation of the Consolidated Financial Statements for 2020.

The aforementioned Financial Statements for the year ended 31 December 2020 certified by the Group Chief Financial Officer and signed by two Directors are given on page [146](#) of this Report.

A statement by the Directors of their responsibilities for preparing the Financial Statements is included in the Statement of Directors’ responsibilities on page [141](#) while the independent Auditors’ Report is set out in pages [142](#) to [144](#) of this report.

Financial results and appropriations

	2020		2019	
	Company LKR Mn.	Group LKR Mn.	Company LKR Mn.	Group LKR Mn.
Revenue	51,552	91,119	50,007	85,948
Profit	4,019	7,881	3,780	6,322
Reserves	62,443	84,179	60,173	78,069

Results of the Company and of the Group are given in the Income Statement on page [145](#).

The movement of the reserves are given in the Statement of Changes in Equity on pages [147](#) and [148](#) of the Annual Report.

Dividends

The Directors recommend the payment of a first and final dividend of LKR 1.49 per share (2019 – LKR 1.06 per share) for the financial year ended 31 December 2020 payable on 17 May 2021 to the shareholders registered as at 23 April 2021, subject to the approval of the shareholders.

As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Directors have signed a Certificate stating that in their opinion the Company based on the information available satisfies the Solvency Test immediately after the dividend distribution is made and have obtained a Certificate from the Auditors in terms of Section 57 of the Companies Act.

Property, plant and equipment

The movements in property, plant and equipment during the year are set out in Note 14 to the Financial Statements. Current status of value of properties is disclosed on pages [215](#) to [221](#).

Auditors

Ernst & Young, (EY) Chartered Accountants served as the External Auditors of the Company during the year under review. The audit fees payable and fees payable for non-audit services rendered are as follows:

	2020 LKR Mn.	2019 LKR Mn.
Audit fees	12	12
Non-audit fees	2	2

SLT Group Audit Committee having considered EY’s performance and their independence recommend to the shareholders the re-appointment of EY as the Auditors of the Company for the ensuing year.

Based on the written representation made by the Auditors the Directors are satisfied that the Auditors have had no interest or relationship with the Company or its subsidiaries other than that of External Auditors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

EY have expressed their willingness to continue in office. A resolution to re-appoint them and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Statutory payments and compliance with laws and regulations

The Directors confirm that to the best of their knowledge all taxes, duties and levies payable by the Company and 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 reporting date have been paid or where relevant provided for in the Financial Statements.

The Company has also ensured that it complied with the applicable laws and regulations including the Listing Rules of the CSE.

Environmental protection

After making adequate enquiries from Management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Group operates.

Donations

The Directors have approved donations amounting to LKR 2 Mn. for charitable purposes for the year 2020. (2019 – LKR 2 Mn.).

Employment policies

The employment policies of SLT cover issues such as diversity, employee well-being and equal opportunities. The Company takes its responsibility towards the physically disabled seriously and does not discriminate any employee or prospective employee based on physical disability. Employees who become disabled during their service at SLT will be retained in employment wherever possible and will be given rehabilitation and training.

The Group companies operate within a framework of Human Resource policies, practices and regulations appropriate to their market sector. Policies and procedures for recruitment, training, career development and the Code of Ethics for Employees promote equality of opportunity regardless of gender, sexual orientation, age, marital status, disability, race, religion or other

beliefs and ethnic or national origin. The aim is to encourage a culture in which all employees have the opportunity to develop fully according to their individual abilities and the needs of the Group.

The number of persons employed by SLT and Group is given in Note 7 on page [179](#).

Sustainability reporting

SLT is conscious of the direct and indirect impact on the environment due to its business activities. The Group endeavours to minimise the adverse effects on the environment and to ensure sustainable continuity of our natural resources. The activities undertaken by the Group in recognition of its responsibility as a corporate citizen are disclosed more fully on pages [84](#) to [88](#) of this Report.

Post Balance Sheet events

Except for matters disclosed in Note 36 to the Financial Statements, there are no material events as at the date of the Auditors Report which require adjustments to or disclosure in the Financial Statements.

Going concern

The Directors have reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future to justify adopting the going concern basis in preparing the Financial Statements.

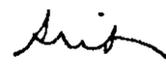
Annual General Meeting

The AGM will be held at 10.00am on 23 April 2021 at the "Lotus", Bandaranaike Memorial International Conference Hall (BMICH), Baudhaloka Mawatha, Colombo 07. The Notice of the Annual General Meeting appears on page [227](#) of the Annual Report.

By Order of the Board
of Sri Lanka Telecom PLC



Rohan Fernando
Chairman



Lalith Seneviratne
Director/GCEO



Mahesh Athukorale
Group Company
Secretary

9 March 2021
Colombo

STATEMENT OF DIRECTORS IN RELATION TO THEIR RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The responsibility of the Directors in relation to the Financial Statements of the Company and the Group is set out in the following statement. The responsibility of the Independent Auditors, in relation to the Financial Statements, prepared in accordance with the provisions of the Companies Act No. 7 of 2007 (“the Act”), is set out in the Independent Auditors’ Report from pages [142](#) to [144](#).

The Financial Statements comprise:

- Statement of Profit or Loss and Other Comprehensive Income, which present a true and fair view of the profit and loss of the Company and the Group for the financial year; and
- Statement of Financial Position, which present a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and which comply with the requirements of the Act and SLRFS.

The Directors are required to ensure that, in preparing these Financial Statements:

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- all applicable Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, as relevant, have been followed;
- judgments and estimates have been made which are reasonable and prudent.

The Directors are also required to ensure that the Company and the Group have adequate resources to continue its operation to justify applying 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, and to ensure that the Financial Statements presented comply with the requirements of the Act.

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

The Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provide by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these Auditors are performing their responsibilities, and to discuss auditing, internal control, and financial reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

The Directors are required to prepare the Financial Statements and to provide the Independent Auditors with every opportunity to take whatever steps and undertake whatever inspections that they may consider to be appropriate to enable them to give the Independent Auditors ‘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 reporting date have been paid, or where relevant provided for, except as specified in Note 31 to the Financial Statements covering contingent liabilities.

By Order of the Board
Sri Lanka Telecom PLC



Mahesh Athukorale
Group Company Secretary

9 March 2021
Colombo

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

To the Shareholders of Sri Lanka Telecom PLC Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Sri Lanka Telecom PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have

fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal G B Goudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITORS' REPORT

Key audit matter

Revenue recognition of fixed telephony and mobile communication services

The Group recognised revenue of LKR 89,004 Mn. from the provision of fixed telephony and mobile communication services for the year ended 31 December 2020.

Recognition of revenue from the provision of fixed telephony and mobile communication services was a key focus of our audit due to the following:

- Provision of telecommunication services to customers involve frequent changes in rate structures and arrangements with multiple features. It comprises a large volume of transactions which arise from sales of different combinations of hardware and services that are captured, processed and recorded by the Group using multiple IT systems.
- Accounting for revenue transactions including timing of revenue recognition and allocation of the transaction price in bundled products and services in accordance with SLFRS 15 Revenue from Contracts with Customers is complex and requires exercise of management judgement.

Capital work-in-progress – Network equipment

As at 31 December 2020, Group's capital work-in-progress of Network equipment balance accounted for 10% of the consolidated total assets.

Capital work in progress of network equipment was a key focus for our audit due to the:

- Importance of timeliness in transferring amounts from capital work-in-progress of network equipment to the relevant class of property, plant and equipment, when such items have been commissioned for use.
- Degree of judgement involved, and assumptions used when assessing impairment of amounts of capital work-in-progress relevant to projects of an extended duration.
- Materiality of the amount recognised

The Group's disclosures on capital work-in-progress are included in Notes 3 (d) (iv) and 14 to the Consolidated Financial Statements.

Other information included in the 2020 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

How our audit addressed the key audit matter

Our audit procedures included the following amongst others;

- We involved our internal specialised resources to assist us with:
 - Evaluating the design, implementation and operating effectiveness of IT general controls and application controls of IT systems connected with revenue recognition
 - understanding and evaluating the effectiveness of design and implementation of the security monitoring procedures over IT systems
- We evaluated the design, implementation and operating effectiveness of IT dependent manual controls and manual controls including performing re-computations and testing end-to-end reconciliations, as relevant.
- We assessed appropriateness of the timing of revenue recognition and allocation of the transaction price in bundled products and services of major revenue streams, based on the respective terms and conditions of customer contracts.
- We also assessed the adequacy of related disclosures reflected in Note 3 (k) and Note 6 (a) of the Consolidated Financial Statements.

Our audit procedures included the following amongst others;

- By discussion with the respective project managers and inspection of relevant documentation, we
 - checked the current status of completion of those projects in relation to budgeted project duration and
 - whether amounts related to network equipment commissioned for use have been appropriately transferred out of capital work-in-progress and recognised under the relevant class of property, plant and equipment, on a timely basis
- We evaluated whether management has identified possible indicators of impairment for any project related to network equipment which have not been commissioned for a prolonged period including evaluating the reasonableness of management judgements applied and assumptions used based on our knowledge of the business and industry.
- We also assessed the adequacy of related disclosures made in the Financial Statements.

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 the management and those charged with governance

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.

INDEPENDENT AUDITORS' REPORT

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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1420.

24 March 2021
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Sri Lanka rupees million)

For the year ended 31 December	Notes	Group		Company	
		2020	2019	2020	2019
Revenue	6	91,119	85,948	51,552	50,007
Direct costs	7	(50,285)	(48,223)	(29,011)	(28,711)
Gross profit		40,834	37,725	22,541	21,296
Sales and marketing costs	7	(10,209)	(9,472)	(4,720)	(3,553)
Administrative costs	7	(18,993)	(19,714)	(14,319)	(14,393)
Operating profit		11,632	8,539	3,502	3,350
Other income		880	845	1,261	1,166
Dividend income		—	—	1,001	449
Interest expense and finance costs	9	(2,902)	(2,067)	(1,391)	(690)
Foreign exchange loss	9.a	(1,203)	(443)	(727)	(314)
Interest income	10	1,232	1,288	819	739
Share of profit from associate company	16.2	74	54	74	54
Profit before tax		9,713	8,216	4,539	4,754
Income tax expenses	11	(1,832)	(1,894)	(520)	(974)
Profit for the year		7,881	6,322	4,019	3,780
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent period					
Net movement on cash flow hedges	12	501	201	471	201
Other comprehensive income that will not be reclassified to profit or loss in subsequent period					
Defined benefit plan actuarial losses	26	(473)	(214)	(426)	(49)
Tax on other comprehensive income	11	114	49	119	14
Other comprehensive income for the year net of tax		142	36	164	166
Total comprehensive income for the year		8,023	6,358	4,183	3,946
Profit attributable to:					
Owners of the Company		7,877	6,320	4,019	3,780
Non-controlling interest		4	2	—	—
		7,881	6,322	4,019	3,780
Total comprehensive income attributable to:					
Owners of the Company		8,019	6,356	4,183	3,946
Non-controlling interest		4	2	—	—
		8,023	6,358	4,183	3,946
Earnings per share					
– Basic (LKR)	13	4.37	3.50	2.23	2.09

The Notes on pages 150 to 212 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lanka rupees million)

As at 31 December	Notes	Group		Company	
		2020	2019	2020	2019
Assets					
Non-current assets					
Property, plant and equipment	14	137,208	140,632	100,269	103,800
Right-of-use asset	14 (a)	8,750	10,372	78	513
Intangible assets	15	8,115	7,416	2,656	1,151
Investments in subsidiaries	16.1	–	–	14,821	14,821
Investments in associates	16.2	128	54	128	54
Deferred tax assets	23	185	223	–	–
Contract assets	24 (a)	560	707	155	148
Other receivables	18	2,748	2,897	2,732	2,868
Total non-current assets		157,694	162,301	120,839	123,355
Current assets					
Inventories	19	3,367	3,565	2,634	2,768
Trade and other receivables	20	27,070	33,021	17,932	20,865
Current tax receivable		15	852	–	852
Contract assets	24 (a)	778	711	97	87
Other investments	17	3,666	3,112	3,646	3,082
Cash and cash equivalents	21	11,866	5,457	1,041	645
Total current assets		46,762	46,718	25,350	28,299
Total assets		204,456	209,019	146,189	151,654
Equity					
Capital and reserves					
Stated capital	28	18,049	18,049	18,049	18,049
Insurance reserve	27	1,044	917	1,044	917
Hedging reserve	12	30	(471)	–	(471)
Retained earnings		65,056	59,574	43,350	41,678
Equity attributable to equity holders of the Company		84,179	78,069	62,443	60,173
Non-controlling interest		102	98	–	–
Total equity		84,281	78,167	62,443	60,173
Liabilities					
Non-current liabilities					
Borrowings	22	45,684	49,178	40,860	42,820
Lease liability	14 (a)	7,377	8,238	27	50
Contract liabilities	24 (b)	660	538	660	533
Deferred income	24	1,832	2,076	1,832	2,057
Deferred tax liabilities	23	7,346	7,499	6,936	7,485
Employee benefits	26	5,204	4,697	4,358	3,806
Trade and other payables	25	5,371	1,677	3,955	346
Total non-current liabilities		73,474	73,903	58,628	57,097
Current liabilities					
Borrowings	22	9,690	12,498	7,132	9,650
Lease liability	14 (a)	2,281	2,511	58	494
Contract liabilities	24 (b)	742	592	484	444
Deferred income	24	2,812	2,859	240	290
Current tax liabilities		560	308	73	–
Deferred tax liabilities	23	11	–	–	–
Trade and other payables	25	30,605	38,181	17,131	23,506
Total current liabilities		46,701	56,949	25,118	34,384
Total liabilities		120,175	130,852	83,746	91,481
Total equity and liabilities		204,456	209,019	146,189	151,654

The Notes on pages 150 to 212 form an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.


Sanjeewa Samaranyake
Group Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. These Financial Statements were approved by the Board of Directors on 9 March 2021. Signed for and behalf of the Board,


Rohan Fernando
Chairman

9 March 2021


Lalith Seneviratne
Director

STATEMENT OF CHANGES IN EQUITY - GROUP

(All amounts in Sri Lanka rupees million)

	Notes	Attributable to owners of the Company						
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
Balance as at 1 January 2019		18,049	791	(672)	55,456	73,624	96	73,720
Non-controlling interest		-	-	-	-	-	2	2
Total comprehensive income for the year								
Net profit for the year 2019		-	-	-	6,322	6,322	-	6,322
Other comprehensive income								
Net movement on cash flow hedges		-	-	201	-	201	-	201
Defined benefit plan actuarial loss, net of tax		-	-	-	(165)	(165)	-	(165)
Total other comprehensive income		-	-	201	(165)	36	-	36
Total comprehensive income for the year		-	-	201	6,157	6,358	-	6,358
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends to equity shareholders		-	-	-	(1,913)	(1,913)	-	(1,913)
Insurance reserve								
Transfer to insurance reserve	27	-	126	-	(126)	-	-	-
Balance as at 31 December 2019		18,049	917	(471)	59,574	78,069	98	78,167

	Notes	Attributable to owners of the Company						
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
Balance as at 1 January 2020		18,049	917	(471)	59,574	78,069	98	78,167
Non-controlling interest		-	-	-	-	-	4	4
Total comprehensive income for the year								
Net profit for the year 2020		-	-	-	7,881	7,881	-	7,881
Other comprehensive income								
Net movement on cash flow hedges		-	-	501	-	501	-	501
Defined benefit plan actuarial loss, net of tax		-	-	-	(359)	(359)	-	(359)
Total other comprehensive income		-	-	501	(359)	142	-	142
Total comprehensive income for the year		-	-	501	7,522	8,023	4	8,027
Transactions with owners, recorded directly in equity contribution by and distribution to owners								
Dividends to equity shareholders		-	-	-	(1,913)	(1,913)	-	(1,913)
Insurance reserve								
Transfer to insurance reserve	27	-	127	-	(127)	-	-	-
Balance as at 31 December 2020		18,049	1,044	30	65,056	84,179	102	84,281

The Notes on pages [150](#) to [212](#) form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

(All amounts in Sri Lanka rupees million)

	Notes	Attributable to owners of the Company				
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity
Balance as at 1 January 2019		18,049	791	(672)	39,972	58,140
Total comprehensive income for the year						
Net profit for the year 2019		-	-	-	3,780	3,780
Other comprehensive income						
Net movement on cash flow hedges		-	-	201	-	201
Defined benefit plan actuarial loss, net of tax		-	-	-	(35)	(35)
Total other comprehensive income		-	-	201	(35)	166
Total comprehensive income for the year		-	-	201	3,745	3,946
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Dividends to equity shareholders		-	-	-	(1,913)	(1,913)
Insurance reserve						
Transfer to insurance reserve	27	-	126	-	(126)	-
Balance as at 31 December 2019		18,049	917	(471)	41,678	60,173

	Notes	Attributable to owners of the Company				
		Stated capital	Insurance reserve	Hedging reserve	Retained earnings	Total equity
Balance as at 1 January 2020		18,049	917	(471)	41,678	60,173
Total comprehensive income for the year						
Net profit for the year 2020		-	-	-	4,019	4,019
Other comprehensive income						
Net movement on cash flow hedges		-	-	471	-	471
Defined benefit plan actuarial loss, net of tax		-	-	-	(307)	(307)
Total other comprehensive income		-	-	471	(307)	164
Total comprehensive income for the year		-	-	471	3,712	4,183
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Dividends to equity shareholders		-	-	-	(1,913)	(1,913)
Insurance reserve						
Transfer to insurance reserve	27	-	127	-	(127)	-
Balance as at 31 December 2020		18,049	1,044	-	43,350	62,443

The Notes on pages [150](#) to [212](#) form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

(All amounts in Sri Lanka rupees million)

For the year ended 31 December	Notes	Group		Company	
		2020	2019	2020	2019
Cash flows from operating activities					
Cash generated from operations	29	40,562	29,307	22,048	15,476
Interest received		1,243	1,305	830	756
Interest paid		(8,109)	(8,321)	(5,378)	(5,721)
Tax paid		(706)	(1,334)	-	(239)
Gratuity paid	26	(690)	(547)	(468)	(461)
Net cash generated from operating activities		32,300	20,410	17,032	9,811
Cash flows from investing activities					
Acquisition of property, plant and equipment		(12,141)	(27,966)	(6,355)	(13,526)
Acquisition of intangible assets	15	(2,477)	(1,097)	(2,293)	(367)
Proceeds from disposal of property, plant and equipment		93	249	85	204
(Purchase)/Proceeds of short-term investments		(509)	536	(464)	477
Investments in subsidiary companies	16.1	-	-	-	(455)
Net cash (used) in investing activities		(15,034)	(28,278)	(9,027)	(13,667)
Cash flows from financing activities					
Proceeds from borrowings		17,911	47,475	17,500	46,350
Cash payments for the principal portion of the lease liability		(1,769)	(1,541)	(588)	(483)
Finance lease principal repayments		(56)	(29)	(2)	(2)
Repayment of borrowings		(23,176)	(39,035)	(20,794)	(37,749)
Dividends paid to the equity shareholders		(1,913)	(1,913)	(1,913)	(1,913)
Net cash (used) and generated from financing activities		(9,003)	4,957	(5,797)	6,203
Increase/(decrease) in cash and cash equivalents		8,263	(2,911)	2,208	2,347
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of year		1,718	4,629	(2,620)	(4,967)
Increase/(decrease) in cash and cash equivalents		8,263	(2,911)	2,208	2,347
At the end of the year	21.(a)	9,981	1,718	(412)	(2,620)

The Notes on pages [150](#) to [212](#) form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka rupees million)

1. Reporting entity

Sri Lanka Telecom PLC (the “Company”) is a company domiciled in Sri Lanka. The address of the Company’s registered office is Lotus Road, Colombo 1. The Separate Financial Statements relates to Sri Lanka Telecom PLC. The Consolidated Financial Statements of the Company as at and for the year ended December 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Financial Statements of all Companies within the Group are prepared for a common financial year which ends on 31 December 2020.

The Group primarily is involved in providing a broad portfolio of telecommunication services across Sri Lanka, In addition, the range of services provided by the Group include, inter-alia, internet services, data services, domestic and international leased circuits, broadband, satellite uplink, maritime transmission, IPTV service, directory publishing and provision of manpower. The Company is a quoted public Company which is listed on the Colombo Stock Exchange.

2. Basis of preparation

(a) Statement of compliance

The Financial Statements of the Group and the Company which comprises the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS) as laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

(b) The Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 9 March 2021.

(c) Basis of measurement

The Financial Statements have been prepared on the historical cost basis applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements except for the following item:

The liability for defined benefit obligation recognised is actuarially valued and recognised at the present value of the defined benefit obligation.

(d) Functional and presentation currency

These Financial Statements are presented in Sri Lankan Rupees, which is the Company’s functional currency and the Group’s presentation currency. All financial information presented in rupees has been rounded to the nearest million, unless otherwise indicated.

(e) 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 14 – Property, plant and equipment
- Note 15 – Intangible assets
- Note 14 (a) – Right-of-use assets and lease liabilities
- Note 20 – Trade and other receivables
- Note 23 – Deferred tax assets and liabilities
- Note 24 – Deferred income, contract assets and contract liabilities
- Note 26 – Employee benefits

(f) Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be released or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification
- The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(g) Going concern

The Financial Statements have been prepared on a going concern bases. The Directors have considered the potential downsides that the COVID-19 pandemic could bring to business operations of the Group in making this assessment. Impact of the COVID-19 pandemic is described in Note 35.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in Financial Statements, and have been applied consistently by the Group entities, except amendments to existing accounting standards which are effective from 1 January 2020 as described in Note 3 (v).

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in Statement of Profit or Loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in Statement of Profit or Loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the recognised in Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, 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 acquire are assigned to those units.

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

(ii) Subsidiaries

Subsidiaries are entities that are controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

(ii-a) Critical judgments in applying the entity's accounting policies

The Directors have concluded that the Group controls all subsidiaries as it has majority control and voting rights over its subsidiaries as depicted in Note (ii-b).

NOTES TO THE FINANCIAL STATEMENTS

(ii-b) Interest in subsidiaries

Set out below are the group's principal subsidiaries as at 31 December 2020.

Name of entity	Place of business/country of incorporation	% of Ownership interest held by the group	Principal activities
Mobitel (Pvt) Ltd.	Colombo/Sri Lanka	100%	Mobile service provider
Sri Lanka Telecom (Services) Limited	Colombo/Sri Lanka	99.99%	Providing network solutions for corporate customers and small businesses
SLT VisionCom (Private) Limited	Colombo/Sri Lanka	100%	Providing IPTV support services
SLT Digital Info Services (Private) Limited	Colombo/Sri Lanka	100%	Directory information and publication services
SLT Human Capital Solutions (Private) Limited	Colombo/Sri Lanka	100%	Providing workforce solutions
Sky Network (Private) Limited	Colombo/Sri Lanka	99.94%	Wireless broadband operations
SLT Property Management (Private) Limited	Colombo/Sri Lanka	100%	Managing SLT's real estate resources
SLT Campus (Private) Limited	Colombo/Sri Lanka	100%	Higher educational services of ICT and Business Management
eChannelling PLC	Colombo/Sri Lanka	87.59%	Providing information infrastructure for the healthcare industry
Talentfort (Pvt) Ltd.	Colombo/Sri Lanka	100%	Providing workforce solutions
Mobit Technologies (Pvt) Ltd.	Colombo/Sri Lanka	100%	Providing software solutions

(iii) Equity-accounted investees (Investment in associates and joint ventures)

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired.

NOTES TO THE FINANCIAL STATEMENTS

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as “Share of profit or loss of equity accounted investees” in the Statement of Profit or Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

(iv) Non-controlling interest (NCI)

NCI are measured at their proportionate share of 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.

(v) Loss of control

When the Group loses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest in the former subsidiary is measured at fair value when control is lost.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in statement of profit or loss and other comprehensive income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(i) Financial assets

(i-i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in Note (k) – Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are “solely payments of principal and interest (SPPI)” on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

(i-ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both following conditions are met:

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

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

The Group's financial assets at amortised cost include trade and other receivables, amounts due from related parties and cash and cash equivalents.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes listed and non-listed equity instruments that the Group elected to classify irrevocably.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic

NOTES TO THE FINANCIAL STATEMENTS

characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

(i-iii) Fair value measurement

SLFRS 13 defines fair value as 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.

A Fair value measurement requires an entity to determine all the following;

1. The particular asset or liability that is the subject of the measurement.
2. For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use).
3. The principal (or most advantageous) market for the asset or liability.
4. The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.
5. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending

on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- **Level 1** – Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3** – Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

(i-iv) Amortised cost

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(i-v) Impairment

Non-derivative financial assets.

Financial assets not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes;

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

For trade receivables and contract assets, the Group applies a simplified approach in calculating Expected Credit Losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Investments in fixed deposits, Treasury Bills and Bonds are considered as low risk of default.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a 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 asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i-vi) Hedge

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in equity in the "cash flow hedge reserve". The ineffective portion of the gains or losses on the hedge instrument is recognised immediately in the profit and loss.

When the hedge cash flow affect the Income Statement, the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Income Statement. When a hedging instrument expires, or is sold, terminated, exercised or when a hedge no longer meet the criteria for hedge accounting, any cumulative gains/losses existing in other comprehensive income at that time remains in other comprehensive income and is recognised in the income statement. When a forecast transaction is no longer expected to occur the cumulative gains/loss was reported in other comprehensive income is immediately transferred to the Income Statement.

(ii) Financial liabilities

(ii-i) Initial recognition and measurement

Financial Liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables loans and borrowing including bank overdrafts, lease liabilities, contract liabilities and deferred income.

(ii-ii) Subsequent measurement

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method, after considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised. EIR amortisation is included as finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(ii-iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that asset.

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.

(ii) 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 Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. In the year of acquisition depreciation is computed on proportionate basis from the month the asset is put into use and no depreciation will be charged to the month in which the particular asset was disposed. 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.

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

The estimated useful lives for the assets are as follows:

Freehold buildings	5-40 years
Submarine cables	10-25 years
Motor Vehicles	5 years
CDMA Handsets	3 years
PABX System	1-6 years
IT systems	5-10 years
Other Fixed Assets	2-12.5 years
Network equipment	
Ducts, cables and other outside plant	5-20 years
Telephone exchanges and transmission equipment	5-12.5 years
Towers	12.5-40 years

(iv) Capital work-in-progress

Capital work-in-progress is stated at cost net of accumulated impairment losses, if any. These are expenses of a capital nature directly incurred in the construction of buildings, network equipment, system development and other fixed assets, awaiting capitalisation.

Major spare parts and project related inventory qualify as Property, plant and equipment when the entity expects to use them during more than one year period and are used in connection with specific items of Property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

(v) Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in the statement of Profit or Loss and Other Comprehensive Income.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

(vi) Borrowing cost

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

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For measurement of goodwill at initial recognition, see note 3 (a) (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Licenses

Separately acquired licences are shown at historical cost. Expenditures on license fees that is deemed to benefit or relate to more than one financial year is classified as license fee and is being amortised over the license period on a straight line basis.

(iv) 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, including expenditure on internally generated goodwill is recognised in profit or loss as incurred.

(f) Right of use assets and lease liabilities

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.

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.

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 remeasurement 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, as follows:

Leased assets	Estimated useful lives
Buildings	2-3 years
Towers	2-3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment as more fully described in Note (U) (ii) – Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Group's lease liabilities are included in rights-of-use assets and lease liabilities in Note 14.(a) to the Financial Statements.

Leases of low-value assets

The Group applies the the lease of low-value assets recognition exemption to leases of some tower rentals that are considered to be low value. Lease payments on leases of low-value assets are recognised as expenses on straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

(h) Share capital

Ordinary Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) Government grants

Government grants are recognised initially at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the statement of Profit or Loss and Other Comprehensive Income as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the profit or loss on a systematic basis over the useful life of the asset.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Employees' Provident Fund

All employees of the Company are members of the Sri Lanka Telecom Provident Fund to which the Company contributes 15% of such employees' basic salary and allowances.

All employees of subsidiaries of the Group are members of Employees' Provident Fund (EPF), to which the respective subsidiaries contribute 12% of such employees' basic salary and

NOTES TO THE FINANCIAL STATEMENTS

allowances. Employees of Sri Lanka Telecom (Services) Limited are members of Employees' Provident Fund (EPF), where the company contribute 15% of such employees' basic salary and allowances.

Employees' Trust Fund

The Company and other subsidiaries contribute 3% of the salary of each employee to the Employees' Trust Fund.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by an independent actuary using Projected Unit Credit method as recommended by LKAS 19 "Employee Benefits". The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield on Government Bonds at the reporting date and have maturity dates approximating to the terms of the Company's obligations.

The Group recognises actuarial gains and losses that arise in calculating the Group's obligation in respect of a plan in other comprehensive income.

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 "Employee Benefits". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or leave encashment plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(k) Revenue from contracts with customers

The Group is primarily involved in providing a broad portfolio of telecommunication services across Sri Lanka. In addition, the range of services provided by the Group include, inter alia, voice and broadband services, domestic and international leased circuits, broadband, satellite up-link, maritime transmission, IPTV service, directory publishing service and educational services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

(i) Performance obligations relevant to contracts

As a telecommunication service provider, the Group's performance obligation related to service contracts include the installation services and maintenance services provided and the uninterrupted telecommunication service which will be provided throughout the connection period.

The Group expects that above performance obligations would be satisfied throughout the connection period.

Domestic and international call revenue and rental income

Fixed lines

Revenue for call time usage by customers is recognised as revenue as services are performed on accrual basis. Fixed rental is recognised as income on a monthly basis in relation to the period of services rendered.

NOTES TO THE FINANCIAL STATEMENTS

Mobile revenue

Mobile revenue comprises amounts charged to customers in respect of monthly access charges, airtime usage, messaging, and the provision of other mobile telecommunications services. Mobile monthly access charges are invoiced and recorded as part of a periodic billing cycle. Air time, either from contract customers as part of the invoiced amount or from prepaid customers through the sale of prepaid cards, is recorded in the period in which the customer uses the service.

Revenue from other network operators and international settlements

The revenue received from other network operators, local and international, for the use of the Group's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/per second rates stipulated in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals.

Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network and presented on gross basis. The relevant revenue accrued is recognised under income in the Income Statement and interconnection expenses recognised under operating costs in profit or loss.

Revenue from broadband

Revenue from Data services and IPTV services is recognised on usage and the fixed rental on a monthly basis when it is earned net of taxes, rebates and discounts.

Revenue from other ICT services

The revenue from other telephone services are recognised on an accrual basis based on fixed rental contracts entered between the Group and subscribers.

Recognition of deferred income

The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognised on an annual basis irrespective of the date of connection.

IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity are recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognised on a straight-line basis over the period of contracts. Amounts received in advance for any services are recorded as deferred revenue.

Revenue from the sale of prepaid CDMA cards is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.

Sale of mobile recharge cards and reloads for prepaid subscribers are initially recognised as deferred revenue until such time as the subscribers use the services or credit period expires.

CDMA revenue

The connection fees relating to Code Divisional Multiple Access (CDMA) connections are recognised as revenue at the point the connection is activated.

(ii) New connection fees

The Group provides installation services relevant to the new connections of fixed and mobile telecommunication services including both voice and non-voice categories. These installation services are bundled together with providing of Customer Premises Equipment (CPE) to customers in fixed line voice and some non-voice services. When the performance obligations relevant to such installation services are performed, CPEs provided to customers are considered as assets of the Group as long as the contracts with customers are valid. Accordingly, the Group allocates a bundled price for the equipment and installation services for such facilities.

(iii) Recognition of contract liabilities

The Group concluded that revenue from new connections in fixed and mobile telecommunication services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to reperform the installation of the service that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group identifies the revenue for installation services as a contract liability and recognises the revenue on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer since satisfaction for the installation services will be consumed by the customer over the contract period.

NOTES TO THE FINANCIAL STATEMENTS

(iv) Costs incurred in securing customer contracts

The Group identifies the sales commission paid to sales team for each new connection contract and other such related costs in contract acquisition as costs incurred in securing customer contracts.

(v) Recognition of contract asset

Contract acquisition costs are recognised as a contract asset and subsequently recognised as an expense over the life of a contract on a systematic basis consistent with the pattern of the transfer of services to which the asset relates, that is; as and when the relevant performance obligation is fulfilled for a given month.

(l) Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

(m) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed, determining whether an arrangement contains a lease.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specific asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(n) Finance income and expenses

The Group's finance income and finance cost include:

- Interest income from repurchase agreements
- Interest income from fixed deposits
- Staff loan interest income
- Interest expense from borrowings
- Interest expense arising from Leases
- Foreign exchange gains or losses

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(o) Income tax

Current income tax assets are measured at amount to be recovered from or paid to the taxation authorities.

(i) Current taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Provisions for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

(ii) Deferred taxation

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 the following temporary differences: 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 and differences relating to investments in nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax is not recognised for the undistributed profits of subsidiaries as the Parent Company has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax relating to items recognised outside profit or loss, is recognised either in other comprehensive income or directly in Statement of Changes in Equity in line with the underlying transaction.

No deferred taxation is provided for Mobitel (Pvt) Ltd. due to fact that the income taxes are computed and paid at 2% on revenue.

(iii) Economic Service Charge (ESC)

ESC is payable on the liable turnover at specified rates. As per the provision of the Economic Service Charge Act No. 13 of 2006 and subsequent amendments thereto, ESC is deductible from the income tax liability. Any unclaimed payment can be carried forward and set off against the income tax payable as per the relevant provision in the Act. With effective from 1 January 2020 the Act mentioned above was abolished.

(iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax, except: where sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of expense item as applicable.

(v) Uncertainty over income tax treatment

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgment in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated Financial Statements.

If the Group concludes that it is probable that the taxation authority will accept the tax treatment used or planned to be used in its tax filings, the entity determines its tax position on that basis. This is consistent with the requirement that current tax is measured at the amount expected to be paid or recovered from the taxation authorities, and that deferred tax is measured using the rates and tax laws expected to apply when the related asset is realised or liability is settled.

If the Group concludes that acceptance of the uncertain tax treatment by the taxation authorities is not probable, it would apply one of the following two methods for reflecting the effect

of uncertainty in its estimate of the amount it expects to pay or recover from the tax authorities

- the most likely amount – the single most likely amount in a range of possible outcomes; or
- the expected value – the sum of the probability-weighted amounts in a range of possible outcomes.

The Group uses the method that it expects to better predict the resolution of the uncertainty.

(p) Earnings per share

The Group presents basic Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Insurance reserve

The Company transfers annually from the retained earnings an amount equal to 0.1% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment. The insurance reserve is maintained to recover any losses arising from damage to property, plant and equipment, except for motor vehicles, that are not insured with a third party insurer.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Provision for final dividends is recognised at the time the dividend recommended and declared by the Board of Directors, is approved by the shareholders.

(s) Comparatives

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the Financial Statements are amended, comparative amounts are reclassified unless it is impracticable.

NOTES TO THE FINANCIAL STATEMENTS

(t) Statement of Cash flows

The Statement of Cash Flows has been prepared using the “indirect method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 07 – “Statement of Cash Flows”. Cash and cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. The cash and cash equivalent include cash in hand, balances with banks, placements with banks, money at call and short notice.

(u) Critical accounting estimates, assumptions and judgments

In the preparation of these Financial Statements, a number of estimates and assumptions have been made relating to the performance and the financial position of the Group. Results may differ significantly from those estimates under different assumptions and conditions. The Directors consider that the following discussion addresses the Company’s most critical accounting policies, which are those that are most important to the presentation of its financial performance and position. These particular policies require subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are uncertain.

(i) Depreciation of property, plant and equipment

The Company assigns useful lives and residual values to property, plant and equipment based on periodic studies of actual asset lives and the intended use for those assets. Changes in circumstances such as technological advances, prospective economic utilisation and physical condition of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Where the Company determines that the useful life of property, plant and equipment should be shortened or residual value reduced, it depreciates the net carrying amount in excess of the residual value over the revised remaining useful life, thereby increasing depreciation expense. Any change in an asset’s life or residual value is reflected in the Company’s Financial Statements when the change in estimate is determined.

(ii) Impairment of property, plant and equipment and intangible assets

The Company assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards.

Factors that are considered important and which could trigger an impairment review include the following;

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant underperformance relative to expected historical or projected future operating results;
- d. significant changes in the use of its assets or the strategy for its overall business;

The identification of impairment indicators, the estimation of future cash flows and the determination of the recoverable amount for assets or cash generating units require significant judgment.

(iii) Revenue recognition

Judgment is required in assessing the application of the principles of revenue recognition in respect of revenues. This includes presentation of revenue as principal or as agent in respect of income received from transmission of content provided by third parties.

(iv) Valuation of receivables

The provision for impairment losses for trade and other receivables reflects the Company’s estimates of losses arising from the failure or inability of customers to make required payments. The provision is based on the ageing of customer accounts, customer credit-worthiness and the Company’s historical write-off experience etc. Changes to the provision may be required if the financial condition of its customers improves or deteriorates. An improvement in financial condition may result in lower actual write-offs.

(v) Inventories

The Company assesses the inventory provision whenever events or changes in circumstances indicate that the carrying value may not be recoverable or otherwise as required by accounting standards. Factors that are considered important and which could trigger an impairment review include the following;

- a. obsolescence or physical damage;
- b. significant changes in technology and regulatory environments;
- c. significant changes in the use of its assets or the strategy for its overall business;

(vi) Current tax and deferred tax

Judgment was required to determine the total provision for current, deferred and other taxes due to uncertainties that exist with respect to the interpretation of the applicability of tax law at the time of the preparation of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

Certain uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(vii) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates as well.

(viii) Revenue recognition from contracts with customers

Judgement is required in assessing the application of the principles of revenue recognition in respect of revenues. Certain contracts with customers are bundled packages that may include sale of products and telecommunications services that comprise voice, data, and other telecommunications services. The Group accounts for individual products and services separately as separate performance obligations if they are distinct promised goods and services. The Group exercises judgments in determining whether a product is distinct, that is, if such product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it separately. This determination will affect the allocation of consideration specified in the contract and the revenue recognised for each performance obligation.

(v) Amendments to existing accounting standards

The Group applied for the first-time certain amendments, to existing accounting standards, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(i) Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the Consolidated Financial Statements of the Group, but may impact future periods should the Group enter into any business combinations.

(ii) Amendments to LKAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the Financial Statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the Consolidated Financial Statements of, nor is there expected to be any future impact to the Group.

(W) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

(i) SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023.

SLFRS 17 - Insurance contracts is not expected to have a significant impact on the Group's Consolidated Financial Statements.

(ii) Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 and LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 1 January 2021.

None of the new or amended pronouncements are expected to have a material impact on the Consolidated Financial Statements of the Group/Financial Statements of the Company in the foreseeable future.

(iii) Amendments to SLFRS 16 – COVID-19 related rent concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020.

This amendment is not expected to have a significant impact on Group's Consolidated Financial Statements.

4. Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management processes 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. Risk management systems are reviewed regularly to reflect changes in market conditions and Group activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/guidelines and procedures, and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by internal reviews of risk management controls and procedures. The results of which are reported to the Audit Committee.

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk, Liquidity risk and 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 risk and the Group's management of capital. Further, quantitative disclosures are included throughout these Financial Statements.

4.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Carrying amount of financial assets represents the maximum credit exposure.

4.1.1 Trade receivables

The Group having a very well established credit policy for both international interconnect customers and domestic customers to minimise the credit risk. A separate committee has been established to evaluate and recommend the credit worthiness for the international interconnect customer. Further, Prepaid sales are used as a means of mitigating credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Domestic service is offered to a new customer only after scrutinising through a internal blacklisted data base. The group has a well-established credit control policy & process to minimise the credit risk. Customers are categorised according to the segments and credit limit has been fixed as per their average monthly bill value. Customer usage and bill payments are monitored as per the credit limit. Credit limit will be periodically revised as per the past monthly bill value. High risk voice customers are subjected to auto disconnection when they reached the threshold limit. Credit control actions and recovery actions are taken for the overdue customers and defaulted customers to minimise the credit risk. High revenue generated customers including corporate customers are monitored individually.

As at 31 December, the maximum exposure to credit risk for trade by geographic region was as follows:

	Group		Company	
	2020	2019	2020	2019
Sri Lanka	22,375	23,288	15,466	16,044
Middle east	137	337	137	294
Asia	1,147	1,195	902	869
Europe	1,147	1,615	966	1,047
Australia	171	222	164	214
Other	389	74	13	17
Total Trade Receivables	25,366	26,731	17,648	18,485

As at 31 December, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

	Group		Company	
	2020	2019	2020	2019
Wholesale customers	3,467	3,999	3,386	3,918
Retail customers	18,042	18,884	13,476	13,820
Others	3,857	3,848	786	747
Total	25,366	26,731	17,648	18,485

As at 31 December the Group's most significant customer was Lanka Bell (Private) Limited which accounted for LKR 290 Mn. of trade receivables (2019 - LKR 285 Mn.)

Impairment

As at 31 December, the aging of trade receivables that were not impaired was as follows;

	Group		Company	
	2020	2019	2020	2019
Past due 1 year	235	512	78	393
Past due 2 years and above	64	187	64	187
Total	299	699	142	580

Management believes that the unimpaired amounts that are past due more than 2 years are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

NOTES TO THE FINANCIAL STATEMENTS

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group impairment	Company impairment
Balance as at 1 January 2019	8,890	5,492
Impairment loss recognised	453	18
Impairment gain recognised	(400)	(400)
Adjustments	900	900
Amounts written off	(611)	(608)
Balance as at December 2019	9,232	5,402
Impairment loss recognised	2,212	1,846
Impairment gain recognised	(811)	(811)
Adjustments	(47)	–
Amounts written off	(2,063)	(1,074)
Balance as at 31 December 2020	8,523	5,363

4.1.2 Other investments

The Group limits its exposure to credit risk by investing only in Government Debt Securities, Repos and in short-term deposits with selected bankers with Board approval.

4.1.3 Cash and cash equivalents

The Group held cash and cash equivalents of LKR 11,866 Mn. as at 31 December 2020 (2019 LKR 5,457 Mn.)

4.1.4 Employee loans

The Group limits its exposure to credit risk by ensuring the loan balance are recovered from the employees monthly salary, or if the employee leaves such amounts are recovered from the employees EPF balance.

4.2 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.

The Group ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of both short and long-term cash forecasts. These forecasts are supplemented by a financial headroom analysis which is used to assess funding adequacy for at least a 12-month period and the same is reviewed on an annual basis.

Short and medium-term requirements are regularly reviewed and managed by the Treasury Division.

NOTES TO THE FINANCIAL STATEMENTS

Contractual undiscounted payments the Sri Lanka Telecom PLC would be called upon to make under the issued Corporate Guarantee Contracts on behalf of its subsidiaries are as follows,

	Carrying value	up to 1 year	up to 2 years	up to 5 years	Over 5 years
SLT Campus (Pvt) Ltd. - Seylan loan (a)	847	50	100	300	397
SLT Campus (Pvt) Ltd. - Bank overdraft	110	110	-	-	-

(a) This term loan was granted by Seylan Bank to SLT Campus (Private) Limited in August 2019. The loan tenure is 120 months including a grace period of 24 months from the granted date.

Apart from the above, SLT PLC has provided a corporate guarantee of USD 39 Mn. (2019 - USD 39 Mn.) for Mobitel (Pvt) Ltd. for the GSM Rollout Stage 7 which will be paid fully by 2021.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

	Notes	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group						
As at 31 December 2020						
Bank overdrafts		1,885	1,885	-	-	-
Bank borrowings and others		53,147	7,628	8,827	23,507	13,185
Vendor financing		317	157	136	24	-
Lease liabilities		25	4	9	12	-
Trade and other payables due with-in one year	4.2.1	30,605	30,605	-	-	-
Trade and other payables due after one year	4.2.2	5,371	3,839	382	7	1,143
		91,350	44,118	9,354	23,550	14,328
As at 31 December 2019						
Bank overdrafts		3,739	3,739	-	-	-
Bank borrowings and others		57,256	8,419	3,804	32,081	12,952
Vendor financing		615	320	139	156	-
Lease liabilities		66	20	34	-	12
Trade and other payables due with-in one year	4.2.3	38,181	38,181	-	-	-
Trade and other payables due after one year	4.2.4	1,677	1,096	433	12	136
		101,534	51,775	4,410	32,249	13,100

NOTES TO THE FINANCIAL STATEMENTS

	Notes	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company						
As at 31 December 2020						
Bank overdrafts		1,453	1,453	-	-	-
Bank borrowings and others		46,514	5,659	6,815	21,315	12,725
Lease liabilities		25	4	9	12	-
Trade and other payables due with-in one year	4.2.5	17,131	17,131	-	-	-
Trade and other payables due after one year	4.2.6	3,955	2,826	391	364	374
		69,078	27,073	7,215	21,691	13,099
As at 31 December 2019						
Bank overdrafts		3,265	3,265	-	-	-
Bank borrowings and others		49,205	6,385	1,965	28,130	12,725
Lease liabilities		-	-	-	-	-
Trade and other payables due with in one year	4.2.7	23,506	23,506	-	-	-
Trade and other payables due after one year	4.2.8	346	194	4	12	136
		76,322	33,350	1,969	28,142	12,861

4.2.1 Trade and other payables due within one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2020					
Domestic trade payables	5,967	5,967	-	-	-
Foreign trade payables	1,979	1,979	-	-	-
Capital expenditure payables	7,999	7,999	-	-	-
Social security and other taxes	1,039	1,039	-	-	-
Interest payable	71	71	-	-	-
Other payables	13,550	13,550	-	-	-
	30,605	30,605	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

4.2.2 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2020					
International direct dialling deposits	143	2	4	7	130
Prepayments on VOIP services	122	60	62	-	-
PSTN guarantee deposits	8	5	3	-	-
Domestic trade payables	1,906	580	313	-	1,013
Capital expenditure payables	3,192	3,192	-	-	-
	5,371	3,839	382	7	1,143

4.2.3 Trade and other payables due within one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2019					
Domestic trade payables	5,145	5,145	-	-	-
Foreign trade payables	2,715	2,715	-	-	-
Capital expenditure payables	15,951	15,951	-	-	-
Social security and other taxes	682	682	-	-	-
Interest payable	202	202	-	-	-
Other payables	13,486	13,486	-	-	-
	38,181	38,181	-	-	-

4.2.4 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Group					
As at 31 December 2019					
International direct dialling deposits	155	3	4	12	136
Prepayments on VOIP services	182	182	-	-	-
PSTN guarantee deposits	9	9	-	-	-
Domestic trade payables	858	429	429	-	-
Capital expenditure payables	473	473	-	-	-
	1,677	1,096	433	12	136

NOTES TO THE FINANCIAL STATEMENTS

4.2.5 Trade and other payables due within one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2020					
Domestic trade payables	180	180	-	-	-
Foreign trade payables	1,278	1,278	-	-	-
Amount due to subsidiaries	2,798	2,798	-	-	-
Capital expenditure payables	3,242	3,242	-	-	-
Social security and other taxes	601	601	-	-	-
Other payables	9,032	9,032	-	-	-
	17,131	17,131	-	-	-

4.2.6 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2020					
International direct dialling deposits	143	2	4	7	130
Prepayments on VOIP services	122	60	62	-	-
PSTN guarantee deposits	8	5	3	-	-
Advance on RDA	769	90	322	357	-
Unclaimed dividend	244	-	-	-	244
Capital expenditure payables	2,669	2,669	-	-	-
	3,955	2,826	391	364	374

4.2.7 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2019					
Domestic trade payables	364	364	-	-	-
Foreign trade payables	1,544	1,544	-	-	-
Amount due to subsidiaries	3,108	3,108	-	-	-
Capital expenditure payables	7,185	7,185	-	-	-
Social security and other taxes	664	664	-	-	-
Other payables	10,641	10,641	-	-	-
	23,506	23,506	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

4.2.8 Trade and other payables due after one year

	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Over 5 years
Company					
As at 31 December 2019					
International direct dialling deposits	155	3	4	12	136
Prepayments on VOIP services	182	182	-	-	-
PSTN guarantee deposits	9	9	-	-	-
	346	194	4	12	136

4.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which 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 optimising the return.

4.3.1 Currency risk

The Group is exposed to currency risk on services provided, services received and borrowings that are denominated in a currency other than the Sri Lankan rupees (LKR).

The Group manages its currency risk by a natural hedging mechanism to a certain extent by matching currency outflows for repayments of foreign currency loans and services with currency inflows for services settled in foreign currencies.

The summary of quantitative data about the Group's exposure to foreign currency was as follows:

	Group		Company	
	2020 USD Mn.	2019 USD Mn.	2020 USD Mn.	2019 USD Mn.
As at 31 December				
Foreign trade receivables	19	20	14	15
Secured bank loans	(2)	(44)	-	-
Unsecured loans	(30)	(22)	-	(22)
Trade payables	(10)	(15)	(7)	(8)
Net statement of financial position exposure	(23)	(61)	7	(15)

The following significant exchange rates have been applied during the year:

	Average rate		Year end spot rate	
	2020	2019	2020	2019
USD	185.55	178.78	186.65	181.50
EUR	211.73	200.14	229.53	203.48

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

A reasonable possible strengthening (weakening) USD would have an impact on the Group's borrowings. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit or loss		Balance sheet	
	Strengthening	Weakening	Strengthening	Weakening
Group				
2020 December USD (10%)	(803)	803	(803)	803
2019 December USD (10%)	(1,829)	1,829	(1,829)	1,829
Company				
2020 December USD (10%)	-	-	-	-
2019 December USD (10%)	(394)	394	(394)	394

4.3.2 Interest rate risk

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

To minimise the adverse impact of variable interest rate borrowings due to an upward movement of USD interest rates in the market, the Group has obtained an interest rate SWAP and arrangements are being made to obtain an interest rate CAP.

Short-term interest rate management is delegated to the treasury operations while long-term interest rate management decisions require approval from the Board of Directors.

Interest rate sensitivity of the Company was computed within the floor interest rate (Minimum) of 2.5% as stipulated in the loan agreement. The Group interest rate sensitivity was computed based on a 100 basis point increase or decrease. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. The sensitivity of interest rate movement is shown below;

	Profit or loss	
	Increase in interest rate	Decrease in interest rate
Group		
2020 December variable rate instruments	(383)	383
2019 December variable rate instruments	(267)	267
Company		
2020 December variable rate instruments	(323)	323
2019 December variable rate instruments	(344)	344

NOTES TO THE FINANCIAL STATEMENTS

4.4 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of stated capital and reserves. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Debt/equity ratios at 31 December were as follows:

	Group		Company	
	2020	2019	2020	2019
Total borrowings	65,032	72,425	48,077	53,014
Total equity	84,179	78,069	62,443	60,173
Total capital	149,211	150,494	110,520	113,187
Debt/Equity ratio (%)	77.3	92.8	77.0	88.1

5. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the board of Directors, (the Chief Operating Decision Maker-CODM) reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Fixed ICT operations includes supply of fixed telecommunication services.
- Mobile ICT operations includes supply of Mobile telecommunication services.
- Other segment operations includes Directory publication and support services. None of these segments meet the quantitative thresholds for determining reportable segments in 2020 or 2019.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax. As included in the internal management reports that are reviewed by the Board of Directors (BOD). Segment profit is used to measure performance as Management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information relevant to the operating segments are presented in a method consistent with the management reporting provided to those charged with governance.

NOTES TO THE FINANCIAL STATEMENTS

Information about reportable segments

	Fixed telephony operations		Mobile operations		Other segments operations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
External revenues	47,065	45,897	41,939	38,482	2,115	1,569	91,119	85,948
Inter-segment revenue	4,487	4,110	1,428	1,697	3,219	3,556	9,134	9,363
Reportable segment revenue	51,552	50,007	43,367	40,179	5,334	5,125	100,253	95,311
Reportable segment profit/(loss) before tax	4,539	4,754	6,134	4,073	94	(143)	10,767	8,684
Interest revenue	819	739	405	510	8	39	1,232	1,288
Interest expenses	(1,391)	(690)	(1,574)	(1,540)	(82)	(35)	(3,047)	(2,265)
Depreciation and amortisation	(14,923)	(13,102)	(8,750)	(8,255)	(145)	(88)	(23,818)	(21,445)
Reportable segment assets	146,189	151,654	73,974	75,250	4,870	4,394	225,033	231,298
Capital expenditure	8,648	13,893	5,463	14,253	507	917	14,618	29,063
Reportable segment liabilities	83,746	91,481	38,611	43,757	3,709	3,226	126,066	138,464
							2020	2019
Revenues								
Total revenue for reportable segments							94,919	90,186
Revenue for other segments							5,334	5,125
Reportable segment revenue							100,253	95,311
Elimination of inter-segment revenue							(9,134)	(9,363)
Consolidated revenue							91,119	85,948
Profit or loss								
Total profit or loss for reportable segments							10,673	8,827
Profit or loss for other segments							94	(143)
Reportable segment profit before tax							10,767	8,684
Elimination of inter-segment profits							(1,054)	(468)
Consolidated profit before tax							9,713	8,216

NOTES TO THE FINANCIAL STATEMENTS

Information about reportable segments

	2020	2019
Assets		
Total assets for reportable segments	220,163	226,904
Assets for other segments	4,870	4,394
	225,033	231,298
Elimination of inter-segment assets	(20,577)	(22,279)
Consolidated total assets	204,456	209,019
Liabilities		
Total liabilities for reportable segments	122,357	135,238
Liabilities for other segments	3,709	3,226
	126,066	138,464
Elimination of inter-segment liabilities	(5,891)	(7,612)
Consolidated total liabilities	120,175	130,852

	Reportable segment totals	Adjustments	Consolidated totals
Other material items – 2020			
Interest revenue	1,232	–	1,232
Interest expense	(3,047)	145	(2,902)
Capital expenditure	14,618	–	14,618
Depreciation and amortisation	(23,818)	–	(23,818)
Other material items – 2019			
Interest revenue	1,288	–	1,288
Interest expense	(2,265)	198	(2,067)
Capital expenditure	29,063	–	29,063
Depreciation and amortisation	(21,445)	–	(21,445)

NOTES TO THE FINANCIAL STATEMENTS

6. Revenue

The significant categories under which revenue is recognised are as follows:

	Group		Company	
	2020	2019	2020	2019
Release of deferred connection charges (Note 24)	292	355	292	355
Rental income	6,880	7,216	4,217	4,534
Domestic call revenue	21,295	22,025	3,012	3,447
Receipts from other network operators - Domestic	2,004	2,257	600	599
International call revenue	438	694	156	226
Receipts from other network operators - International	14	35	-	-
International settlements (in-payments)	8,692	9,213	6,226	6,669
CDMA revenue	152	160	152	160
Broadband revenue	27,095	21,926	12,496	11,017
Data and other services	24,257	22,067	24,401	23,000
	91,119	85,948	51,552	50,007

6. (a) The revenue recognised from providing fixed telephony and mobile communication services by Group is LKR 89,004 Mn. (2019 - LKR 84,379 Mn.).

7. Operating costs

The following items have been included in arriving at operating profit:

	Group		Company	
	2020	2019	2020	2019
Staff costs (Note 7.1)	19,250	19,108	13,419	12,542
Directors' emoluments	48	43	40	18
Payments to international network operators	1,390	1,656	1,390	1,656
Payments to other network operators				
- International	1,326	1,565	910	1,185
- Domestic	2,167	2,640	585	651
International Telecommunication Operators Levy (Note 8)	1,563	1,907	700	891
Auditors' remuneration				
- Audit - Ernst & Young	19	19	12	12
- Other auditors	-	-	-	-
- Non-audit - Ernst & Young	6	8	2	2
- Other auditors	18	-	4	-
Repairs and maintenance expenditure	7,113	6,543	5,052	4,621
Provision for doubtful debts	1,297	54	944	(383)
Impairments/(reversals) of inventory	30	154	(10)	154
Impairment of property, plant and equipment (Note 14)	43	-	1	-
Other operating expenditure	21,399	22,267	10,078	12,206
Depreciation on property, plant and equipment	19,115	17,670	13,570	12,248
Depreciation on right-of-use assets	2,925	2,442	565	514
Amortisation	1,778	1,333	788	340
	79,487	77,409	48,050	46,657

NOTES TO THE FINANCIAL STATEMENTS

7.1 Staff costs

	Group		Company	
	2020	2019	2020	2019
Salaries, wages, allowances, and other benefits	17,047	16,888	11,765	10,954
Post-employment benefits				
- Defined contribution plans	1,479	1,429	1,060	968
- Defined benefit obligations (Note 26)	724	791	594	620
	19,250	19,108	13,419	12,542
Average number of persons employed	8,929	9,187	6,005	5,304

8. Refunds on Telecommunication Development Charge (TDC)

In accordance with the Finance Act No. 11 of 2004, all Telecommunication Gateway Operators are required to pay a levy defined as the Telecommunication Development Charge (TDC) to the Government of Sri Lanka, based on international call minutes terminated in the country. This levy was made effective from 3 March, 2003 where initially the levy was defined in such a way that Operators were allowed to claim 2/3rd of the TDC against the costs of network development charges.

The TDC Refund received in 2014 corresponds to the period from April 2009 to July 2010 which was the last claim obtained under the respective regulation. As the said regulation was received with effect from July 2010 while eliminating the reimbursement process, the final claim requested from TRC applicable for the above period was received in year 2014.

First revision to this regulation was introduced with effect from 15 July 2010 with an International Telecommunication Operators Levy (ITOL) TDC rate change from USD cents 3.80 to USD cents 1.50. Through the same revision, the disbursement process of TDC was removed from the regulation. As stated above the revised ITOL rate prevailed until such time the rate was revised to USD cents 3.00 per minute with effect from January 2012, in accordance with the Budget Proposal for 2012 and ITOL rate was further revised again to USD cents 6.00 per minute with effect from January 2016 in accordance with the Budget Proposal for 2016.

Mobitel (Pvt) Ltd. recognises Telecommunications Development Charge (TDC) in profit or loss on a straight-line basis over 10 years, as disclosed in Note 33.

9. Interest expense and finance costs

	Group		Company	
	2020	2019	2020	2019
Rupee loans [See Note (a) below]	3,969	3,779	3,887	3,744
Foreign currency loans [See Note (a) below]	376	698	91	319
Debenture	892	892	892	892
Other charges [See Note (b) below]	1,376	1,629	232	560
Total Interest and finance cost	6,613	6,998	5,102	5,515
Interest Capitalised [See Note (c) below]	(3,711)	(4,931)	(3,711)	(4,825)
Net total Interest and finance cost	2,902	2,067	1,391	690

(a) Interest cost of the Company relates to the USD loans and Rupee loans. Interest cost of the Group relates to rupee loans, USD loans and vendor financing.

(b) Other charges mainly include interest cost of finance leases and overdraft facilities.

(c) Capitalisation rate used for 2020 is 11.60% (2019 - 13.12%).

NOTES TO THE FINANCIAL STATEMENTS

9. (a) Foreign exchange loss

	Group		Company	
	2020	2019	2020	2019
Net foreign exchange loss	(1,203)	(443)	(727)	(314)

Foreign exchange loss of the Group mainly includes

- Exchange gain of LKR 69 Mn. (2019 - of LKR 112 Mn.) arising from revaluation of the receivables, fixed deposits and bank balances maintained in USD.
- Exchange loss of LKR 422 Mn. on payment to foreign suppliers (2019 - LKR 287 Mn.).
- Exchange loss of LKR 850 Mn. (2019 - LKR 44 Mn.) arising from revaluation of US dollar syndicate loan and other term loans.

Foreign exchange loss of the Company mainly includes

- Exchange gain of LKR 34 Mn. (2019 - LKR 85 Mn.) arising from revaluation of receivables, fixed deposits and bank balances maintained in US Dollars.
- Exchange loss of LKR 170 Mn. on payment to foreign suppliers (2019 - LKR 355 Mn.).
- Exchange loss of LKR 591 Mn. (2019 - LKR 44 Mn.) arising from revaluation of US dollar syndicate loan.

10. Interest income

	Group		Company	
	2020	2019	2020	2019
Interest income from:				
- Treasury bills	-	5	-	-
- Repurchase agreement - Repos	101	137	-	-
- Fixed deposits	513	589	202	183
- Staff loan Interest	618	557	617	556
	1,232	1,288	819	739

The interest income on Bank deposits reflect the prevailing rates on the date of respective investments.

- The weighted average interest rates on restricted funds in bank deposits 6.81% (2019 - 11.48%) and USD was 5.21% (2019 - 4.51%). The weighted average interest rate on bank deposits in LKR was 7.31% (2019 - 11.5%).
- The weighted average interest rates on staff loans are between 10% and 15% (2019 - 12% and 15%) computed as per the provisions in the Sri Lanka Accounting Standards. The actual interest rates charged on the staff loans are between 6.24% and 7.20% (2019 - 6.24% and 7.20%)

NOTES TO THE FINANCIAL STATEMENTS

11. Income tax expenses

Tax recognised in Statement of Profit or Loss

	Group		Company	
	2020	2019	2020	2019
Current tax expense				
Current year	1,654	916	734	-
Adjustments	46	-	76	-
Tax on dividends	140	73	140	-
	1,840	989	950	-
Deferred tax expense				
Origination and reversal of temporary differences (Note 23)	(399)	(187)	(824)	(182)
Recognition of tax credit	(615)	-	(615)	-
Tax losses	1,005	1,092	1,009	1,156
	(9)	905	(430)	974
Tax expense	1,832	1,894	520	974

Tax recognised in other comprehensive income - Group

	2020			2019		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Defined benefit plan actuarial loss	(473)	114	(359)	(214)	49	(165)
	(473)	114	(359)	(214)	49	(165)

Tax recognised in other comprehensive income - Company

	2020			2019		
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit	Net of tax
Defined benefit plan actuarial loss	(426)	119	(307)	(49)	14	(35)
	(426)	119	(307)	(49)	14	(35)

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation between income tax expenses and accounting profit

	Group		Company	
	2020	2019	2020	2019
Accounting profit before tax	9,713	8,216	4,539	4,754
Non-taxable receipts/gains	(1,074)	-	(1,074)	(449)
Aggregate disallowable expenses	17,580	14,069	17,273	13,748
Aggregate allowable expenses	(14,007)	(14,068)	(13,663)	(13,926)
Utilisation of tax losses	(3,714)	(4,148)	(3,599)	(4,127)
Current year tax losses not utilised	207	256	-	-
Other adjustments	-	9	-	-
Taxable income	8,705	4,334	3,476	-
Income tax charged at:				
Standard rate	770	72	734	-
Concessionary rate of 14%	140	-	140	-
Other rates	885	844	-	-
Tax on dividend income	-	73	-	-
Tax on current year profits	1,795	989	874	-

Current income tax charge of the Group/Company is made up as follows:

	Group		Company	
	2020	2019	2020	2019
Sri Lanka Telecom PLC	733	-	733	-
Mobitel (Pvt) Ltd.	885	844	-	-
Sri Lanka Telecom (Services) Limited	-	-	-	-
SLT Human Capital Solutions (Private) Limited	-	20	-	-
SLT Digital Services (Private) Limited	-	-	-	-
SLT VisionCom (Private) Limited	36	52	-	-
Sky Network (Private) Limited	-	-	-	-
SLT Property Management (Private) Limited	-	-	-	-
SLT Campus (Private) Limited	-	-	-	-
	1,654	916	733	-

- (a) Pursuant to agreements dated 15 January 1993 and 26 February 2001 entered into with the Board of Investment of Sri Lanka under Section 17 of the Board of Investment Act No. 04 of 1978, 15 years tax exemption period granted to Mobitel (Pvt) Ltd. expired on 30 June 2009 and as per the agreement, Mobitel (Pvt) Ltd. opted for the turnover based tax option in which 2% was charged on the turnover for a further period of 15 years commencing from 1 July 2009.
- (b) As per the agreement with the Board of Investment of Sri Lanka (BOI) dated 19 November 2009 under Section 17 of BOI Act No. 04 of 1978 the Sky Network (Private) Limited is exempt from income tax for a period of six years. For the above purpose the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date on which the Company commences commercial operation, whichever is earlier as may be specified in a certificate issued by the Board. In view of the above the Company is not liable to income tax on business profit.

NOTES TO THE FINANCIAL STATEMENTS

12. Net movement on cash flow hedges

Movement of cash flow hedge reserve is given below:

	Group	Company
As at 1 January 2020	471	471
Net movement of cash flow hedges	(501)	(471)
As at 31 December 2020	(30)	-

The composition of the cash flow hedge reserve is given below:

	Group	Company
Recognition of loan impact under other comprehensive income	1,449	1,449
Recognition of revenue impact under other comprehensive income	(1,479)	(1,449)
As at 31 December 2020	(30)	-

Hedging activities

The Group is exposed to certain risks relating to its ongoing business operations. The Group uses foreign currency-denominated borrowings to manage some of its transaction exposures. The primary risks managed using hedging activities is the foreign currency risk.

The Group's risk management strategy and how it is applied to manage foreign currency risk is explained in Note 4.3.1.

There is an economic relationship between the hedged items and the hedging instruments as there is an opposite relationship between currency inflows for services settled in foreign currencies which are generated from day-to-day business operations and currency outflows for repayments of foreign currency loans which are on fixed terms.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

13. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2020	2019	2020	2019
Net profit attributable to equity holders (LKR Mn.)	7,877	6,320	4,019	3,780
Weighted average number of ordinary shares in issue (million)	1,805	1,805	1,805	1,805
Basic earnings per share (LKR)	4.37	3.50	2.23	2.09

Diluted EPS is the same as computed above as the Company does not have any instrument that will potentially dilute the share holdings.

NOTES TO THE FINANCIAL STATEMENTS

14. Property, plant and equipment
Group

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment and towers	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2019	357	3,839	134,750	29,367	96,824	16,100	2,894	12,731	37,531	334,393
Additions at cost	-	534	1,555	26	2,393	973	-	1,981	27,008	34,470
Transfers from capital work-in-progress	10	511	8,059	-	5,992	712	-	79	(15,363)	-
Disposals	-	(15)	(581)	-	(1,459)	-	(36)	(200)	-	(2,291)
As at 31 December 2019	367	4,869	143,783	29,393	103,750	17,785	2,858	14,591	49,176	366,572
Accumulated depreciation										
As at 1 January 2019	-	(2,232)	(102,646)	(21,468)	(61,720)	(10,924)	(2,594)	(8,959)	-	(210,543)
Accumulated depreciation on disposals	-	4	581	-	1,458	-	36	194	-	2,273
Depreciation charge	-	(262)	(5,742)	(1,721)	(7,199)	(1,580)	(149)	(1,017)	-	(17,670)
As at 31 December 2019	-	(2,490)	(107,807)	(23,189)	(67,461)	(12,504)	(2,707)	(9,782)	-	(225,940)
Carrying value as at 31 December 2019	367	2,379	35,976	6,204	36,289	5,281	151	4,809	49,176	140,632

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment and towers	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2020	367	4,869	143,783	29,393	103,750	17,785	2,858	14,591	49,176	366,572
Reclassification	-	-	-	-	-	2,813	(192)	(2,621)	-	-
Additions at cost	-	34	186	1	1,758	800	34	302	13,352	16,467
Transfers from capital work-in-progress	-	1,284	13,944	1,501	9,653	867	-	246	(27,495)	-
Transferred to right-of-use assets	-	-	-	-	-	-	-	(219)	-	(219)
Disposals	-	-	(115)	-	(2)	(66)	(90)	(90)	-	(363)
Transfers	-	-	-	-	(643)	-	-	-	-	(643)
As at 31 December 2020	367	6,187	157,798	30,895	114,516	22,199	2,610	12,209	35,033	381,814
Accumulated depreciation										
As at 1 January 2020	-	(2,490)	(107,807)	(23,189)	(67,461)	(12,504)	(2,707)	(9,782)	-	(225,940)
Reclassification	-	9	(9)	-	-	(2,002)	148	1,854	-	-
Accumulated depreciation on Disposals	-	-	100	-	1	64	79	82	4	330
Transferred to right-of-use assets	-	-	-	-	-	-	-	162	-	162
Impairment loss	-	-	-	-	-	(1)	-	-	(42)	(43)
Depreciation charge	-	(291)	(7,292)	(1,805)	(7,075)	(2,058)	(63)	(531)	-	(19,115)
As at 31 December 2020	-	(2,772)	(115,008)	(24,994)	(74,535)	(16,501)	(2,543)	(8,215)	(38)	(244,606)
Carrying value as at 31 December 2020	367	3,415	42,790	5,901	39,981	5,698	67	3,994	34,995	137,208

NOTES TO THE FINANCIAL STATEMENTS

Company

	Freehold land	Freehold buildings	Ducts, cables, and other outside plant	Telephone exchanges	Transmission equipment and towers	IT systems	Motor vehicles	Other fixed assets	Capital work-in-progress	Total
Cost										
As at 1 January 2019	357	3,812	134,750	29,367	38,523	16,082	2,529	8,122	29,994	263,536
Additions at cost	-	267	1,555	26	736	959	-	1,315	15,154	20,012
Transfers from capital work-in-progress	10	511	8,059	-	1,110	712	-	79	(10,481)	-
Disposals at cost	-	(15)	(581)	-	-	-	(36)	-	-	(632)
As at 31 December 2019	367	4,575	143,783	29,393	40,369	17,753	2,493	9,516	34,667	282,916
Accumulated depreciation										
As at 1 January 2019	-	(2,224)	(102,654)	(21,468)	(22,340)	(10,911)	(2,300)	(5,592)	-	(167,489)
Accumulated depreciation on disposals	-	4	581	-	-	-	36	-	-	621
Depreciation charge	-	(262)	(5,743)	(1,721)	(2,366)	(1,575)	(149)	(432)	-	(12,248)
As at 31 December 2019	-	(2,482)	(107,816)	(23,189)	(24,706)	(12,486)	(2,413)	(6,024)	-	(179,116)
Carrying value as at 31 December 2019	367	2,093	35,967	6,204	15,663	5,267	80	3,492	34,667	103,800
Cost										
As at 1 January 2020	367	4,575	143,783	29,393	40,369	17,753	2,493	9,516	34,667	282,916
Additions at cost	-	-	186	1	52	531	34	48	9,860	10,712
Transfers from capital work-in-progress	-	516	13,944	1,501	401	867	-	238	(17,467)	-
Disposals at cost	-	-	(115)	-	-	(33)	(74)	(1)	-	(223)
Transfers	-	-	-	-	(643)	-	-	-	-	(643)
As at 31 December 2020	367	5,091	157,798	30,895	40,179	19,118	2,453	9,801	27,060	292,762
Accumulated depreciation										
As at 1 January 2020	-	(2,482)	(107,816)	(23,189)	(24,706)	(12,486)	(2,413)	(6,024)	-	(179,116)
Accumulated depreciation on disposals	-	-	100	-	-	31	63	-	-	194
Impairment loss	-	-	-	-	-	(1)	-	-	-	(1)
Depreciation charge	-	(253)	(7,292)	(1,805)	(2,178)	(1,680)	(55)	(307)	-	(13,570)
As at 31 December 2020	-	(2,735)	(115,008)	(24,994)	(26,884)	(14,136)	(2,405)	(6,331)	-	(192,493)
Carrying value as at 31 December 2020	367	2,356	42,790	5,901	13,295	4,982	48	3,470	27,060	100,269

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

- (a) On 1 September 1991, the Department of Telecommunications (DoT) transferred its entire telecommunications business and related assets and liabilities to SLT. A valuation of the assets and liabilities transferred to SLT was performed by the Government of Sri Lanka. The net amount of those assets and liabilities represents SLT's Contributed Capital on incorporation and the value of property, plant and equipment as determined by the Government of Sri Lanka. Valuers were used to determine the opening cost of fixed assets on 1 September 1991 in the first statutory accounts of SLT. Further, SLT was converted into a public limited company, Sri Lanka Telecom Limited (SLTL), on 25 September 1996 and on that date, all business and the related assets and liabilities of SLT were transferred to SLTL as part of the privatisation process.
- (b) The cost of fully depreciated assets still in use in the Company as at 31 December 2020 was LKR 133,464 Mn. (2019 - LKR 125,986 Mn.). The cost of fully depreciated assets still in use in the Group as at 31 December 2020 was LKR 157,927 Mn. (2019 - LKR 145,791 Mn.).
- (c) No assets have been mortgaged or pledged as security for borrowings of the Group.
- (d) The number of buildings as at 31 December 2020, is 1,186 (2019 - 1,180)
- (e) All the motor vehicles have been insured. An insurance reserve has been created together with a sinking fund investment to meet any potential losses with regard to uninsured property, plant and equipment. At the reporting date, the insurance reserve amounted to LKR 1,044 Mn. (2019 - LKR 917 Mn.) (Note 27).
- (f) Impairment of assets mainly consists of the carrying value of IT system LKR 1 Mn. (2019 - LKR - Nil)
- (g) The capital work-in-progress related to network equipment of the Group is LKR - 21,077 Mn. (2019 - LKR 27,175 Mn.) and of the Company is LKR 13,112 Mn. (2019 - LKR 13,167 Mn.)
- (h) The Company capitalised borrowing costs amounting to LKR 3,711 Mn. during the year (2019 - LKR 4,825 Mn.). Borrowing cost capitalised from a Group perspective amounted to LKR 3,711 Mn. (2019 - LKR 4,931 Mn.)
- (i) Property, plant and equipment include submarine cables. The total cost and accumulated depreciation of all cables under this category in as follows:

	Group/Company	
	2020	2019
Cost	11,988	12,060
Accumulated depreciation at 1 January	(6,063)	(5,892)
Depreciation charge for the year	(313)	(219)
Carrying amount	5,612	5,949

14. (a) Right-of-use assets and lease liabilities

The Group has lease contracts for various items of land and buildings, E1 Links and towers used in its operations. Leases of land and buildings generally have lease terms between one to two years while leases of towers generally have lease terms between two to three years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of towers or tower spaces with low value.

NOTES TO THE FINANCIAL STATEMENTS

(i) Set out below are the **carrying amounts of right-of-use assets** recognised and the movements during the year.

	Group			
	Land and buildings	Towers	Others	Total
As at 1 January 2020	2,109	8,263	-	10,372
Classification change	4,902	(4,902)	-	-
Additions	471	442	57	970
Disposals/Adjustments	(375)	-	-	(375)
Depreciation expense	(1,266)	(930)	(21)	(2,217)
As at 31 December 2020	5,841	2,873	36	8,750

	Company		
	Land and buildings	Towers	Total
As at 1 January 2020	56	457	513
Additions	45	85	130
Depreciation expense	(46)	(519)	(565)
As at 31 December 2020	55	23	78

(ii) Set out below are the **carrying amounts of lease liabilities** recognised and the movements during the year.

	Group	
	2020	2019
As at 1 January	10,749	10,242
Additions	1,152	2,333
Disposals/Adjustments	(475)	-
Accretion of Interest	1,184	1,160
Payments	(2,952)	(2,986)
As at 31 December	9,658	10,749
Non-current	7,377	8,238
Current	2,281	2,511
	9,658	10,749

NOTES TO THE FINANCIAL STATEMENTS

	Company	
	2020	2019
As at 1 January	544	-
Additions	129	1,027
Accretion of interest	40	96
Payments	(628)	(579)
As at 31 December	85	544
Non-current	27	50
Current	58	494
	85	544

(iii) Following are the **amounts recognised in profit or loss;**

	Group	
	2020	2019
Depreciation expense of right-of-use asset	2,217	2,442
Interest expense on lease liabilities	1,184	1,160
Leases of low value	55	48
Total amount recognised in profit or loss	3,456	3,650

	Company	
	2020	2019
Depreciation expense of right-of-use asset	565	514
Interest expense on lease liabilities	40	96
Leases of low value	55	48
Total amount recognised in profit or loss	660	658

Sensitivity analysis

	ROU asset	Lease liability
Sensitivity to discount rate/Incremental borrowing rate – Group		
Increase by 1%	(22)	(22)
Decrease by 1%	23	23
Sensitivity to discount rate/Incremental borrowing rate – Company		
Increase by 1%	(1)	(1)
Decrease by 1%	1	1

NOTES TO THE FINANCIAL STATEMENTS

15. Intangible assets

Group

	Goodwill	Licences	Software	Others	Total
Cost					
As at 1 January 2019	804	9,521	3,995	502	14,822
- Acquisitions	-	615	426	56	1,097
- Derecognition	-	-	(202)	-	(202)
As at 31 December 2019	804	10,136	4,219	558	15,717
As at 1 January 2020	804	10,136	4,219	558	15,717
- Transfers and acquisitions	-	776	1,655	46	2,477
As at 31 December 2020	804	10,912	5,874	604	18,194
Accumulated amortisation					
As at 1 January 2019	253	3,618	2,966	333	7,170
- Amortisation	-	937	382	14	1,333
- Derecognition	-	-	(202)	-	(202)
Balance as at 31 December 2019	253	4,555	3,146	347	8,301
As at 1 January 2020	253	4,555	3,146	347	8,301
- Amortisation	-	966	782	30	1,778
As at 31 December 2020	253	5,521	3,928	377	10,079
Carrying values					
As at 31 December 2020	551	5,391	1,946	227	8,115
As at 31 December 2019	551	5,581	1,073	211	7,416

The goodwill in the Group consists of goodwill arising on acquisition of Mobitel (Pvt) Ltd. and eChannelling PLC.

Goodwill is allocated to the Group's cash-generating units (CGUs). A summary of the goodwill allocation is presented below:

	2020	2019
Mobitel (Pvt) Ltd.	141	141
eChannelling PLC	410	410
Total	551	551

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections, based on financial budgets approved by Management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

NOTES TO THE FINANCIAL STATEMENTS

The key assumptions used for value-in-use calculations are as follows:

	2020 %	2019 %
Growth rate	7.4	5
Discount rate	13	12

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. No impairment charge has been recognised for the year ended 31 December 2020 for the above CGU (2019 - LKR Nil).

Company

	Licences	Software	Others	Total
Cost				
As at 1 January 2019	1,817	2,035	330	4,182
- Acquisitions	-	367	-	367
As at 31 December 2019	1,817	2,402	330	4,549
As at 1 January 2020	1,817	2,402	330	4,549
- Transfers and acquisitions	643	1,650	-	2,293
As at 31 December 2020	2,460	4,052	330	6,842
Accumulated amortisation				
As at 1 January 2019	941	1,787	330	3,058
- Amortisation	143	197	-	340
As at 31 December 2019	1,084	1,984	330	3,398
As at 1 January 2020	1,084	1,984	330	3,398
- Amortisation	172	616	-	788
As at 31 December 2020	1,256	2,600	330	4,186
Carrying values				
As at 31 December 2020	1,204	1,542	-	2,656
As at 31 December 2019	733	418	-	1,151

NOTES TO THE FINANCIAL STATEMENTS

16. Investments in subsidiaries and associates

16.1 Investments in subsidiaries

	2020	2019
As at 1 January	14,821	14,366
Additions	-	455
As at 31 December	14,821	14,821

Details of the subsidiary companies in which the Company had control as at 31 December are set out below:

Name of company	2020		2019	
	Investment LKR Mn.	Company %	Investment LKR Mn.	Company %
Mobitel (Pvt) Ltd. [See Note (a) below]	13,980	100	13,980	100
SLT VisionCom (Private) Limited [See Note (b) below]	100	100	100	100
SLT Digital Info Services (Private) Limited [See Note (c) below]	50	100	50	100
Sri Lanka Telecom (Services) Limited [See Note (d) below]	300	99.99	300	99.99
SLT Human Capital Solutions (Private) Limited [See Note (e) below]	1	100	1	100
Sky Network (Private) Limited (See Note (f) below)	-	99.94	-	99.94
SLT Property Management (Private) Limited (See Note (g) below)	-	100	-	100
SLT Campus (Private) Limited [See Note (h) below]	390	100	390	100
	14,821		14,821	
Subsidiaries				
eChannelling PLC [See Note (i) below]	642	87.59	642	87.59

The Directors believe that the fair value of each of the companies listed above do not differ significantly from their book values.

- (a) The Company owns 1,320,013,240 shares representing 100% of the entire ordinary share capital of Mobitel (Pvt) Ltd.
- (b) This investment in the subsidiary company consists of 10,000,000 shares representing the entire stated capital of SLT VisionCom (Private) Limited.
- (c) This investment in the subsidiary company consists of 5,000,000 shares representing the entire stated capital of SLT Digital Info Services (Private) Limited.
- (d) This investment in the subsidiary company consists of 30,000,000 shares representing 99.99% of stated capital of Sri Lanka Telecom (Services) Limited.
- (e) This investment in the subsidiary company consists of 50,000 shares representing the entire stated capital of SLT Human Capital Solutions (Private) Limited.
- (f) This investment in subsidiary company consists of 42,071,251 shares representing a 99.94% holding of the issued stated capital and 6,000,000 12% cumulative and redeemable preference shares of Sky Network (Private) Limited. The investment is fully impaired.
- (g) This investment in the subsidiary company consists of 1,500,001 shares representing the entire stated capital of SLT Property Management (Private) Limited. This investment is fully impaired.
- (h) This investment in the subsidiary company consists of 39,000,001 shares representing the entire stated capital of SLT Campus (Private) Limited.
- (i) This investment in the subsidiary company consists of 106,974,618 shares representing the 87.59% holding of the issued share capital of eChannelling PLC.

NOTES TO THE FINANCIAL STATEMENTS

16.2 Investment in associates

Galle Submarine Cable Depot (Private) Limited (GSCDPL) engages in the business of providing services related to storage of spare submersible plant for the repair and maintenance of submarine telecommunication cable systems under South East Asia Indian Ocean Cable Maintenance Agreement. The Company's 40% interest in GSCDPL is accounted for using the equity method in the Company's Financial Statements.

	Group/Company	
	2020	2019
As at 1 January	54	-
Share of profit from associate company	74	54
As at 31 December	128	54

17. Other investments

	Group		Company	
	2020	2019	2020	2019
Fixed deposits/Repo	3,666	3,112	3,646	3,082
	3,666	3,112	3,646	3,082

Fixed deposits and Repo are classified as financial assets measured at amortised cost. Fixed deposits in foreign currency with a carrying value of LKR 2,625 Mn. (2019 - LKR 2,181 Mn.) and fixed deposits with a carrying value of LKR 1,018 Mn. (2019 - LKR 898 Mn.) are restricted at bank. Fixed deposits with a carrying value of LKR 3 Mn. (2019 - LKR 3 Mn.) is in local currency.

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Fixed deposits - Restricted at bank	6.81	11.48	6.81	11.48
Fixed deposits - LKR	12.00	12.00	5.80 - 9.83	9.83 - 11.50
Fixed deposits - USD	4.51	4.51	5.21	4.51

The Group's exposure to credit and market risk and fair value information related to other investment are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS

18. Other receivables

	Group		Company	
	2020	2019	2020	2019
Employee loans Non-current	2,748	2,897	2,732	2,868
Employee loans Current	706	678	704	676
	3,454	3,575	3,436	3,544
Employee Loans	3,276	3,419	3,258	3,388
Prepaid staff cost	178	156	178	156
	3,454	3,575	3,436	3,544
Prepaid staff cost 1 January	156	421	156	421
Additions	434	77	434	77
Amortisation	(412)	(342)	(412)	(342)
Prepaid staff cost at 31 December	178	156	178	156

The Group provides loans to employees at concessionary rates. These employee loans are fair valued at initial recognition using Level 2 inputs. The fair value of the employee loans are determined by discounting expected future cash flows using market related rates for similar loans.

The difference between the cost and fair value of employee loans is recognised as prepaid staff cost which is LKR 412 Mn. (2019 - LKR 342 Mn.). This amount is recognised in the Statement of Profit or Loss under salaries, wages, allowances and other benefits.

19. Inventories

	Group		Company	
	2020	2019	2020	2019
Customer premises equipment	2,754	2,612	2,215	2,612
Cable and networks	596	831	867	705
Other consumables	893	1,149	372	319
	4,243	4,592	3,454	3,636
Provision for change in carrying value of inventories	(876)	(1,027)	(820)	(868)
	3,367	3,565	2,634	2,768

(a) Inventories include telecommunication hardware, consumables and office stationery. Inventory is stated net of provisions for slow-moving and obsolete items.

NOTES TO THE FINANCIAL STATEMENTS

20. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
Domestic trade receivables	22,375	23,277	15,466	16,033
Foreign trade receivables	2,991	3,258	2,182	2,283
	25,366	26,710	17,648	18,485
Less: Provision for bad and doubtful receivables	(8,523)	(9,232)	(5,363)	(5,402)
Trade receivables - Net	16,843	17,478	12,285	13,083
Amount due from subsidiaries [Note 32.1 (h)]	-	-	1,587	2,883
Amount due from related companies [Note 32.2 (b)]	158	175	158	169
Advances and prepayments [See Note (a) below]	6,975	13,312	2,696	3,884
Employee loans (Note 18)	706	678	704	676
Other receivables [See Note (b) below]	2,388	1,532	502	339
Amounts due within one year	27,070	33,021	17,932	20,865

- (a) Advances and prepayments of the Company mainly consist of advances on foreign and local suppliers LKR 1,871 Mn. (2019 - LKR 2,589 Mn.), payments for software maintenance of LKR 282 Mn. (2019 - LKR 342 Mn. Advances and prepayments of the Group mainly consist of advances on foreign and local suppliers LKR 4,791 Mn. (2019 - LKR 10,029 Mn.), payments for software maintenance of LKR 598 Mn. (2019 - LKR 342 Mn.) Prepaid TRC Frequency LKR 660 Mn. (2019 - LKR 740 - Mn.) and free phone offer LKR 330 Mn. (2019 - LKR 321 Mn.)
- (b) Other receivables of the Company consist of refundable deposits of LKR 138 Mn (2019 - LKR 144 Mn). Other receivables of the Group mainly consist of refundable deposits of LKR 465 Mn (2019 - LKR 144 Mn), receivables from sales agents LKR 79 Mn (2019 - LKR 113 Mn) and site rentals receivables from other operators LKR 1,165 Mn (2019 - LKR 725 Mn).

21. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
Cash at bank and in hand	1,937	3,454	1,041	645
Fixed deposits	6,930	2,003	-	-
Repurchase agreements - Repo	2,999	-	-	-
	11,866	5,457	1,041	645

NOTES TO THE FINANCIAL STATEMENTS

21. (a) For cash flow purpose: Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
Cash and cash equivalents	11,866	5,457	1,041	645
Bank overdrafts	(1,885)	(3,739)	(1,453)	(3,265)
	9,981	1,718	(412)	(2,620)

22. Borrowings

	Group		Company	
	2020	2019	2020	2019
Current (due within one year)				
Bank overdrafts	1,885	3,739	1,453	3,265
Bank borrowings [See Note 22 (e) below]	7,628	8,419	5,659	6,385
Vendor financing	157	320	-	-
Finance lease liabilities	20	20	20	-
	9,690	12,498	7,132	9,650
Non-current (due after one year)				
Bank borrowings [See Note 22 (e) below]	45,519	48,849	40,855	42,820
Vendor financing	160	295	-	-
Finance lease liabilities	5	34	5	-
	45,684	49,178	40,860	42,820
Total borrowings	55,374	61,676	47,992	52,470

(a) The interest rate exposure of the borrowings of the Group and the Company were as follows:

	Group		Company	
	2020	2019	2020	2019
- At fixed rates	10,368	11,110	10,045	10,582
- At floating rates	45,006	50,566	37,947	41,888
	55,374	61,676	47,992	52,470

NOTES TO THE FINANCIAL STATEMENTS

The currency exposure of the borrowings of the Group and the Company as at the reporting date were as follows:

	Group		Company	
	2020	2019	2020	2019
Foreign currency	5,993	11,872	-	3,940
Local currency	49,381	49,804	47,992	48,530
	55,374	61,676	47,992	52,470

(b) Effective interest rates of the Group and the Company are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Average effective interest rates:				
- Bank overdrafts	7.54 – 12.00	10.00 – 12.00	7.54	11.39
- Bank borrowings - (USD loans)	LIBOR + 1.9%	5.04	4.13	5.04
- Bank borrowings - (LKR loans)	10.16	11.93	10.16	11.93
- Debenture	12.75	12.75	12.75	12.75
- Lease liabilities	10.00 – 12.50	8.00 – 12.00	12.50	8.00 – 10.00
- Vendor financing	LIBOR + 3.8% – 4%	LIBOR + 3.8% – 4%	-	-

(c) Maturity analysis of the Group and the Company is as follows:

	Group		Company	
	2020	2019	2020	2019
Maturity of non-current borrowings (excluding finance lease liabilities):				
- Between 1 and 2 years	10,670	4,482	6,820	1,965
- Between 3 and 5 years	22,284	31,937	21,310	28,130
- Over 5 years	12,725	12,725	12,725	12,725
	45,679	49,144	40,855	42,820

(d) Movement of the borrowings is given below - Group

	Borrowings	Bank overdraft	Lease liabilities	Total
Balance as at 1 January 2020	57,883	3,739	54	61,676
Additions during the year	17,919	29,643	27	47,589
Net repayment during the year	(22,338)	(31,497)	(56)	(53,891)
	53,464	1,885	25	55,374

NOTES TO THE FINANCIAL STATEMENTS

Movement of the borrowings is given below – Company

	Borrowings	Bank overdraft	Lease liabilities	Total
As at 1 January 2020	49,205	3,265	–	52,470
Additions during the year	17,500	29,560	27	47,087
Net repayment during the year	(20,191)	(31,372)	(2)	(51,565)
	46,514	1,453	25	47,992

- (e) During the year Company, drew down LKR 17.50 Bn. from the term loan and short-term loans in Rupees.
- (f) The loan covenants include submission of audited Financial Statements to the lenders within a specified period from the financial year end, maintenance of covenant ratios and to maintain adequate accounting records in accordance with Sri Lanka Accounting Standards.
- (g) The Directors believe that the Company and the Group will have sufficient funds available to meet its present loan commitments.
- (h) Lease liabilities of the Company and the Group are effectively secured by the lessor against the rights to the title of the asset.
- (i) Bank borrowings and supplier credits of Mobitel (Pvt.) Ltd. a subsidiary of the Company, are secured, interalia, by corporate guarantees given by the Company.
- (j) SLT Campus (Private) Limited has borrowed LKR 850 Mn. during the year for the purpose of constructing hostel and academic building project.
- (k) Guarantee facilities amounting to USD 39 Mn. (2019 USD 39 Mn) were provided to Sri Lanka Mobitel (Pvt.) Ltd. for GSM rollout stage 7.
- (l) Facilities amounting to LKR 960 Mn (2019 – LKR 960 Mn) for SLT Campus (Pvt.) Limited for working capital requirement, hostel and academic building project.

23. Deferred tax assets and liabilities

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities. Deferred tax is provided under the liability method using a principal tax rate of 28% (for the year 2019 – 28%).

The movement in the deferred tax account is as follows:

	Group		Company	
	2020	2019	2020	2019
As at 1 January	7,276	6,389	7,485	6,525
Release to Statement of Comprehensive Income (Note 11)	(9)	905	(430)	974
Release to Statement of Other Comprehensive Income (Note 11)	(114)	(49)	(119)	(14)
Under provision of deferred tax relevant to previous years	19	31	–	–
As at 31 December	7,172	7,276	6,936	7,485

NOTES TO THE FINANCIAL STATEMENTS

The amounts shown in the Statement of Financial Position represents the following:

	Group		Company	
	2020	2019	2020	2019
Deferred tax liabilities	7,357	7,499	6,936	7,485
Deferred tax assets	(185)	(223)	-	-
	7,172	7,276	6,936	7,485

The taxable and deductible temporary differences mainly arise from property, plant and equipment, deferred income, provision for defined benefit obligations and other provisions.

Deferred tax assets and liabilities of the Group are attributable to the following:

Group	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	-	-	11,950	12,465	11,950	12,465
Defined benefit obligations	(746)	(669)	-	-	(746)	(669)
Provisions	(2,316)	(2,322)	-	-	(2,316)	(2,322)
Deferred income	(595)	(668)	-	-	(595)	(668)
Tax losses	(556)	(1,561)	-	-	(556)	(1,561)
Tax credit	(615)	-	-	-	(615)	-
Other adjustment	-	31	50	-	50	31
Tax (assets)/liabilities before set-off	(4,828)	(5,189)	12,000	12,465	7,172	7,276
Set-off of tax	4,828	5,189	(4,828)	(5,189)	-	-
Net tax (assets)/liabilities	-	-	7,172	7,276	7,172	7,276

Movement in deferred tax balances during the year - Group

	Balance 1 January 2019	Recognised in comprehensive income	Recognised in other comprehensive income	Recognised directly in equity	Balance 31 December 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2020
Property, plant and equipment	12,759	(276)	-	-	12,483	(533)	-	11,950
Defined benefit obligations	(566)	(72)	(49)	-	(687)	55	(114)	(746)
Provisions	(2,434)	112	-	-	(2,322)	6	-	(2,316)
Deferred income	(712)	44	-	-	(668)	73	-	(595)
Tax losses	(2,003)	1,097	-	-	(906)	1,005	-	99
Adjustment to tax losses	(655)	-	-	-	(655)	-	-	(655)
Tax Credit	-	-	-	-	-	(615)	-	(615)
Other adjustments	-	-	-	-	31	-	-	50
	6,389	905	(49)	-	7,276	(9)	(114)	7,172

NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities of the Company are attributable to the following:

Company	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	-	-	11,562	12,483	11,562	12,483
Defined benefit obligations	(705)	(596)	-	-	(705)	(596)
Provisions	(2,217)	(2,232)	-	-	(2,217)	(2,232)
Deferred income	(595)	(668)	-	-	(595)	(668)
Tax losses	(494)	(1,502)	-	-	(494)	(1,502)
Tax credit	(615)	-	-	-	(615)	(1,502)
Tax (assets) liabilities before set-off	(4,626)	(4,998)	11,562	12,483	6,936	7,485
Set-off of tax	4,626	4,998	(4,626)	(4,998)	-	-
Net tax (assets) liabilities	-	-	6,936	7,485	6,936	7,485

Movement in deferred tax balances during the year – Company

	Balance 1 January 2019	Recognised in comprehensive income	Recognised in other comprehensive income	Recognised directly in equity	Balance 31 December 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance 31 December 2020
Property, plant and equipment	12,757	(274)	-	-	12,483	(921)	-	11,562
Defined benefit obligations	(510)	(72)	(14)	-	(596)	10	(119)	(705)
Provisions	(2,351)	119	-	-	(2,232)	15	-	(2,217)
Deferred income	(713)	45	-	-	(668)	73	-	(595)
Tax losses	(2,003)	1,156	-	-	(847)	1,008	-	161
Adjustment to tax losses	(655)	-	-	-	(655)	-	-	(655)
Tax credit	-	-	-	-	-	(615)	-	(615)
	6,525	974	(14)	-	7,485	(430)	(119)	6,936

Tax credits

As at 31 December 2019, the Company had tax credits amounting to LKR 1,289 Mn. that were available indefinitely for offsetting against future tax payable by the Company. The Company has recognised LKR 615 Mn. out of the said tax credits for the year ended 31 December 2020 including setting off of the Turnover Tax liability amounting to LKR 122 Mn.

24. Deferred income, contract assets and contract liabilities

- The connection fees relating to Public Switch Telephone Network (PSTN) are deferred over a period of 15 years. Revenue is recognised on an annual basis irrespective of the date of connection.
- Revenue from the sale of prepaid credit and Internet is deferred until such time as the customer uses the call time, downloadable quota or the credit expires.
- Backhauling revenue which is leasing of SEA-ME-WE 3 cable capacity is recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue.
- IRU revenue relating to leasing of SEA-ME-WE 4 cable capacity is recognised on a straight-line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue. In the event that a customer terminates an IRU prior to the expiry of the contract and releases the Company from the obligation to provide future services, the remaining unamortised deferred revenue is recognised in the period the contract is terminated.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2020	2019	2020	2019
At the end of the year				
Representing deferred income - Current	2,812	2,859	240	290
Representing deferred income - Non-current	1,832	2,076	1,832	2,057
	4,644	4,935	2,072	2,347

24. (a) Contract assets

The contract asset movements are provided below:

	Group	Company
As at 1 January 2020	1,418	235
Additions	1,056	107
Amortisations	(1,136)	(90)
As at 31 December 2020	1,338	252

	Group		Company	
	2020	2019	2020	2019
At the end of the year				
Representing contract assets - Current	778	711	97	87
Representing contract assets - Non-current	560	707	155	148
	1,338	1,418	252	235

24. (b) Contract liabilities

As per SLFRS 15 revenue is recognised when the individual performance obligations specified in a contract are satisfied. The total consideration received or receivable has been allocated between separate performance obligations based on the relative stand-alone selling price.

The figure shows the contract liabilities due to unsatisfied performance obligations as at 31 December 2020.

	Group	Company
As at 1 January 2020	1,130	977
Additions	1,215	566
Amortisations	(943)	(399)
As at 31 December 2020	1,402	1,144

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2020	2019	2020	2019
At the end of the year				
- Representing contract liabilities - Current	742	592	484	444
- Representing contract liabilities - Non-Current	660	538	660	533
	1,402	1,130	1,144	977

25. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
Amounts due within one year				
Domestic trade payables	5,846	5,145	180	364
Foreign trade payables	1,979	2,589	1,157	1,423
Amount due to subsidiaries [Note 32.1 (h)]	-	-	2,798	3,108
Amount due to related companies [Note 32.2 (b)]	121	126	121	121
Capital expenditure payables [See Note (a) below]	7,999	15,951	3,242	7,185
Social security and other taxes [See Note (b) below]	1,039	682	601	664
Interest payable	71	202	-	-
Other payables [See Note (c) below]	13,550	13,486	9,032	10,641
	30,605	38,181	17,131	23,506
Amounts due after one year				
International direct dialling deposits	143	155	143	155
Prepayments on VOIP services	122	182	122	182
PSTN guarantee deposits	8	9	8	9
Advance on RDA	769	-	769	-
Unclaimed Dividend	244	-	244	-
Domestic trade payables	893	858	-	-
Capital expenditure payables	3,192	473	2,669	-
	5,371	1,677	3,955	346

- (a) Capital expenditure payables of the Company mainly consist of contractors' payables and retention of LKR 3,094 Mn. (2019 - LKR 6,194 Mn.) and advances on network restoration after road works of LKR 148 Mn. (2019 - LKR 990 Mn.) Capital expenditure payables of the Group mainly consist of contractors' payable and retention of LKR 7,883 Mn. (2019 - LKR 14,960 Mn.) and advances on network restoration after road works of LKR 148 Mn. (2019 - LKR 990 Mn.).
- (b) Social security and other taxes of the Company mainly consist of Telecommunication Levy (TL) of LKR 178 Mn. (2019 - LKR 182 Mn.), Cess LKR 78 Mn. (2019 - LKR 81 Mn.), VAT Payable of LKR 114 Mn. (2019 - LKR 26 Mn.), EPF payable of LKR 131 Mn. (2019 - LKR 109 Mn.). Social security and other taxes of the Group mainly consist of Telecommunication Levy (TL) of LKR 315 Mn. (2019 - LKR 257 Mn.), Cess of LKR 195 Mn. (2019 - LKR 184 Mn.). VAT payable of LKR 114 Mn. (2019 - LKR 26 Mn.) and EPF payable of LKR.139 Mn. (2019 - LKR 109 Mn.)

NOTES TO THE FINANCIAL STATEMENTS

(c) Other payables of the Company mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2019 - LKR 244 Mn.), payable for unpaid supplies of LKR 5,459 Mn. (2019 - LKR 6,428 Mn.), International Telecommunication Operators' Levy payable of LKR 90 Mn. (2019 - LKR 129 Mn.) and accrued expenses and other payables of LKR 414 Mn. (2019 - LKR 747 Mn.). Other payables of the Group mainly consist of dividend payable to the Government of Sri Lanka of LKR 244 Mn. (2019 - LKR 244 Mn.), payable for unpaid supplies of LKR 5,459 Mn. (2019 - Rs 6,428 Mn.), International Telecommunication Operators' Levy payable of LKR. 220 Mn. (2019 - LKR 283 Mn.), and accrued expenses and other payables of LKR 1,524 Mn. (2019 - LKR 3,397 Mn.).

26. Employee benefits

	Group		Company	
	2020	2019	2020	2019
Total employee benefit liability as at 1 January	4,697	4,239	3,806	3,598
Movement in present value of employee benefit liabilities				
Current service cost	271	522	204	438
Interest cost	453	269	390	182
Actuarial loss	473	214	426	49
Benefit paid during the year	(690)	(547)	(468)	(461)
As at 31 December	5,204	4,697	4,358	3,806
Expenses recognised in the Income Statement				
Current service cost	271	522	204	438
Interest cost	453	269	390	182
	724	791	594	620
Recognised in Other Comprehensive Income				
Actuarial loss	473	214	426	49
	473	214	426	49

The principal actuarial assumptions used were as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Discount rate (long-term)	8.0 – 10.0	10.2 – 11.0	8.0	10.2
Future salary increases	7.0 – 10.0	7.5 – 10.0	7.0	8.0
Expected average working life of employees	9.9 – 12.3	9.5 – 10.0	12.3	9.5

In addition to above, demographic assumptions such as mortality, withdrawal, retirement age were considered for the actuarial valuation. In 2020, 1967/70 Mortality Table issued by the Institute of Actuaries London (2019 - 1967/70 Mortality Table) was taken as the base for the valuation.

The provisions for defined obligations of Sri Lanka Telecom PLC, SLT Human Capital Solution (Private) Limited, SLT Publications (Private) Limited, Sri Lanka Telecom (Services) Limited, SLT Campus (Private) Limited, SLT Visioncom (Private) Limited and Mobitel (Pvt) Ltd. are actuarially valued by Messrs Actuarial and Management Consultants (Private) Limited and Messrs Piyal S Goonetilleke and Associates respectively.

The provision for defined benefit obligations is not externally funded.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

The sensitivity of the statement of profit or loss and other comprehensive income and the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate as depicted in the following table.

Sri Lanka Telecom PLC

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2020				
Discount rate (Change by 1%)	(244)	216	(244)	216
Salary increment rate (Change by 1%)	263	(238)	263	(238)

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2019				
Discount rate (Change by 1%)	(176)	195	(176)	195
Salary increment rate (Change by 1%)	214	(196)	214	(196)

Mobitel (Pvt) Ltd.

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2020				
Discount rate (Change by 1%)	(46)	53	(46)	53
Salary increment rate (Change by 1%)	56	(50)	56	(50)

	Effect on charge to the statement of profit or loss and other comprehensive income		Effect on net defined benefit liability	
	Increase	Decrease	Increase	Decrease
2019				
Discount rate (Change by 1%)	(34)	38	(34)	38
Salary increment rate (Change by 1%)	37	(33)	37	(33)

NOTES TO THE FINANCIAL STATEMENTS

Distribution of present value of defined benefit obligation in future years as at 31 December 2020

	Less than 1 year	1-2 years	3-5 years	over 5 years	Total
Sri Lanka Telecom PLC	1,289	646	799	1,624	4,358

27. Insurance reserves

	Group/Company	
	2020	2019
As at 1 January	917	791
Transferred to retained earnings	127	126
As at 31 December	1,044	917

As stated in Accounting Policy 3 (q) the Company transfers annually from the retained earnings an amount equal to 0.25% of additions to property, plant and equipment to an insurance reserve. An equal amount is invested in a sinking fund to meet any funding requirements for potential losses from uninsured property, plant and equipment.

Management regularly monitors the charges made against the insurance reserve and the adequacy of the provision made..

28. Stated capital

	Group/Company	
	2020	2019
Issued and fully paid		
1,804,860,000 ordinary shares	18,049	18,049

NOTES TO THE FINANCIAL STATEMENTS

29. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	Note	Group		Company	
		2020	2019	2020	2019
Profit before tax		9,713	8,216	4,539	4,754
Adjustments for:					
Depreciation on property, plant and equipment	7	19,115	17,670	13,570	12,248
Depreciation on right-of-use assets	7	2,925	2,442	565	514
Amortisation of intangible assets	7	1,778	1,333	788	340
Provision/(write-off) of bad and doubtful debts	7	1,297	54	944	(383)
Impairment/(reversal) of inventory		30	154	(10)	154
Interest expense and finance costs	9	2,902	2,067	1,391	690
Foreign exchange loss	9. a	1,203	443	727	314
Interest income	10	(1,232)	(1,288)	(819)	(739)
Connection fees less amortisation		(291)	280	(275)	(193)
Profit on sale of property, plant and equipment		(93)	(249)	(85)	(204)
Impairment of property, plant and equipment	7	43	-	1	-
Share of profit from associate company	16.2	(74)	(54)	(74)	(54)
Provision for retirement benefit obligations	26	724	791	594	620
Net movement on cash flow hedges		501	201	471	201
SLFRS 15 adjustment		351	(465)	150	(46)
		38,892	31,595	22,477	18,216
Changes in working capital:					
- Receivables and prepayments		4,803	(5,662)	2,125	(2,871)
- Inventories		222	(3,196)	198	(3,132)
- Payables		(3,355)	6,570	(2,752)	3,263
Cash generated from operations		40,562	29,307	22,048	15,476

NOTES TO THE FINANCIAL STATEMENTS

30. Capital commitments

The Group and the Company have purchased commitments in the ordinary course of business as at 31 December as follows:

	Group		Company	
	2020	2019	2020	2019
Property, plant and equipment				
- Approved but not contracted	64,924	5,250	64,924	5,250
- Approved and contracted	13,474	15,491	10,194	9,744
	78,398	20,741	75,118	14,994
Operating lease commitments				
The maturity analysis of the future minimum lease payments and other commitment payments are as follows:				
- Not later than one year	2,820	3,834	63	617
- Later than one year and not later than five years	13,007	12,580	30	62
	15,827	16,414	93	679

Above cash flows are the contractual gross and undiscounted cash flows. Such undiscounted cash flows differ from the discounted amounts included in the Statement of Financial Position.

Other financial commitments

Except for any regular maintenance contracts entered into with third parties in the normal course of business, there are no other material financial commitments that requires separate disclosure.

31. Contingencies

- (a) Global Electroteks Limited initiated legal action under High Court Case No. 20/2006 claiming damages of USD 12 Mn. from Sri Lanka Telecom PLC ("SLT") for alleged unlawful disconnection of interconnection services. The Order was given in favour of SLT in commercial High Court on 12 June 2020 dismissing the application of Global Electroteks Limited. Subsequently, Global Electroteks Limited has appealed to the Supreme Court against the Order.
- (b) Appeal Case filed by Directories Lanka Private Limited (DLPL), against SLT against the dismissal of CHC 2/2006(3) claimed damages of LKR 250 Mn., for alleged unfair competition with regard to artwork on the cover page of the Directory by SLT. DLPL appealed against the above Order. Case was withdrawn by the official receiver (Liquidator) on behalf of DLPL (Liquidated company) on 19 January 2021.
- (c) 12/2008 CBCU, an inquiry by Sri Lanka Custom – A consignment of CDMA equipment was detained in October 2008 by the Customs Authority. Subsequently the equipment were cleared pending the Inquiry, based on a cash deposit and bank guarantee submitted by SLT. The Order was delivered in October 2014 imposing a mitigated forfeiture of LKR 1,820,502,062 on SLT. SLT has filed a Case in the Court of Appeal under the Number CA/writ/387/2014 against this Order, and an interim order was issued by the Court on 9 March 2016, precluding Respondents from enforcing Order dated 17 October 2014. In September 2020, the Court of Appeal gave the judgement in favour of SLT, and the Order given by the Customs Authority was dismissed. However, the Customs Authority has appealed to the Supreme Court against the Order.
- (d) Customs Case No. ADP/031/2009 – Goods valued at USD 996,785.65, which was imported under the last consignment of equipment for NGN Phase II expansion project, was detained by the Customs in May 2009. Subsequently, the equipment was cleared in July 2009. Pending the Inquiry. Presently awaiting the decision of the Customs Department.

NOTES TO THE FINANCIAL STATEMENTS

- (e) Debt Recovery Officers who were attached to SLT had filed legal proceedings in Labour Department (Labour Commissioner) and Labour Tribunal and number of proceeding initiated under each forum are 49 and 21 respectively. The relief claimed includes EPF, ETF and compensation with regard to proceedings initiated before the Labour Commissioner and includes reinstatement or compensation under the Proceedings before Labour Tribunal. An appeal bearing WR232/2015 was filed against the Order delivered by the Commissioner of Labour. The Order was delivered in Case No. WR232/2015, dismissing SLT's application. SLT filed an appeal to Supreme Court bearing Case No. SC (Spl) LA 02/2020 on 3 January 2020 against the Order in WR232/2015. The appeal Case No. SC (Spl) LA 02/2020 is fixed for argument on 10 September 2021.
- (f) On 18 July 2017, Dialog Broad Band Network (Pvt) Ltd. ("DBN") filed a case against SLT regarding violation of Intellectual Property Rights in the Commercial High Court requiring SLT to disclose the source/party who revealed the RFP and to furnish the original under the provisions of Intellectual Property Act. Further damages of LKR 7,800,000,000.00 was prayer under the petition. Petition of DBN was dismissed by Court on the 8 August 2018. Dialog Broad Band Network (Pvt) Ltd. ("DBN") appealed to the Supreme Court under the Case bearing No. SC Appeal 139/2018 against the aforesaid Order. Case bearing Number SC Appeal 139/2018 was withdrawn by DBN on 10 September 2020 simultaneously upon withdrawal of cases filed by SLT as per settlement entered between the parties.
- (g) SC/FR/142/2019 - Dialog Axiata PLC and Dialog Broad Band Network instituted Fundamental Rights Application against TRCSL, regarding allocation of 70MHz from 2600MHz band to SLT by TRCSL. Leave to proceed and an enjoining order were granted. Due to the enjoining order SLT was restricted from utilising spectrum for which the payment was already done. SLT, Mobitel and Airtel were permitted to intervene for the case. This case was settled in September 2020, and the enjoining order given against SLT was lifted enabling SLT to utilise already allocated 70MHz spectrum in the 2600MHz spectrum band.

In addition to the above referred cases there are other claims by employees and third parties for damages and other relief. In the opinion of the Directors, none of these actions are likely to result in a material liability to the Company and its subsidiaries.

The Company has provided guarantees on behalf of its subsidiaries for following credit and trade finance facilities:

- (i) Facilities amounting to USD 39 Mn. (2019 - USD 39 Mn.) for Mobitel (Pvt) Ltd. for the GSM rollout Stage 7.
- (ii) Facilities amounting to LKR 960 Mn. (2019 - LKR 960 Mn.) for SLT Campus (Pvt) Limited to working capital requirement, hostel and academic building project.

With regard to cases detailed above, pending the outcome of the appeals and hearings, no provisions have been recognised in the Financial Statements up to 31 December 2020.

32. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party transaction takes place with a transfer of resources or obligations between related parties, regardless of whether a price is charged.

32.1 (a) Mobitel (Pvt) Ltd.

	Company	
	2020	2019
Sale of goods and services:		
Provision of E1 links	3,990	3,776
Interconnection charges	385	211
TDM, VOIP platform and transit	4	14
ERP rental	377	376
	4,756	4,377
Purchase of goods and services:		
Call charges on official mobile phone	95	120
Interconnection charges	938	1,071
Antenna tower space	391	518
Building rent	4	4
	1,428	1,713

As per the TRC approval dated 19 May 2014, Mobitel is entitled to receive discounts if the Company uses more than 3500 E1 Links.

Further, Mobitel receives discounts on infrastructure services provided by Sri Lanka Telecom PLC. The Company has provided guarantees on behalf of Mobitel for the following loans and obligations.

USD 39 Mn. (2019 - USD 39 Mn.) for Mobitel (Private) Limited for the GSM rollout Stage 7.

NOTES TO THE FINANCIAL STATEMENTS

(b) SLT Digital Info Services (Private) Limited

	Company	
	2020	2019
Sale of goods and services:		
Supply of services	58	59
Purchase of goods and services:		
Directory distribution and other services	32	110

SLT Digital Info Services (Private) Limited provides event management services to SLT PLC. As per the agreement, SLT Digital Info Services (Private) Limited is entitled to receive a retainer for the services provided.

(c) Sri Lanka Telecom (Services) Limited

	Company	
	2020	2019
Sale of goods and services:		
Supply of services	4	4

(d) SLT Human Capital Solutions (Private) Limited

	Company	
	2020	2019
Sale of goods and services:		
Supply of services	3	3
Purchase of goods and services:		
Provision of manpower service	755	1,593

(e) SLT VisionCom (Private) Limited

	Company	
	2020	2019
Sale of goods and services:		
Supply of services	31	17
Purchase of goods and services:		
Service fees/revenue share	1,526	713

Ad-insertion revenue:

Sri Lanka Telecom received an ad-insertion revenue from SLT VisionCom (Private) Limited amounting to LKR 11 Mn. (2019 - LKR 12 Mn.) SLT's share of revenue is based on the following percentages:

Advertisement on PEO TV - EPG	34%
Channel advertisement	17%

Service fees/Revenue share:

Sri Lanka Telecom PLC paid VisionCom (Private) Limited a unit rate based fee computed at the rate of LKR 65/- per cumulative billable subscriber up to 30 June 2020 which amounted to LKR 188 Mn. (2019 - LKR 351 Mn.). From 1 July 2020, 45% of IPTV revenue was recognised as revenue share payable to SLT VisionCom (private) Limited amounting to LKR 1,174 Mn. (2019 - Nil).

(f) SLT Campus (Private) Limited

	Company	
	2020	2019
Sale of goods and services:		
Supply of services	12	3

Facilities amounting to LKR 960 Mn. (2019 - LKR 960 Mn.) for SLT Campus (Pvt) Limited to working capital requirement, hostel and academic building project.

Supply of services provided for the above mentioned subsidiaries include Voice, Broad band, Data, and providing building spaces.

NOTES TO THE FINANCIAL STATEMENTS

(g) Fees for secondment of personnel and services provided to/by SLT PLC

	Company	
	2020	2019
SLT Digital Info Services (Private) Limited	49	49
SLT VisionCom (Private) Limited	20	17
	69	66

(h) Outstanding balances arising from sale/purchase of services

	Company	
	2020	2019
Receivable from subsidiaries:		
Mobitel (Pvt) Ltd.	1,324	1,288
SLT Digital Info Services (Private) Limited	19	44
SLT Human Capital Solutions (Private) Limited	2	170
SLT VisionCom (Private) Limited	42	1,167
Sri Lanka Telecom (Services) Limited	60	54
SLT Property Management (Private) Limited	29	28
SLT Campus (Private) Limited	111	132
	1,587	2,883
Payable to subsidiaries:		
Mobitel (Pvt) Ltd.	1,060	849
SLT Digital Info Services (Private) Limited	59	113
SLT Human Capital Solutions (Private) Limited	4	361
SLT VisionCom (Private) Limited	1,295	1,494
Sri Lanka Telecom (Services) Limited	380	291
	2,798	3,108

32.2 Transactions with other related parties

(a) Maxis Communications Berhad and its subsidiaries

	Group		Company	
	2020	2019	2020	2019
Sale of goods and services:				
International incoming traffic	96	49	71	43
	96	49	71	43
Purchase of goods and services:				
International outgoing traffic	8	4	-	-

(b) Outstanding balance arising from sale/purchase services

	Group		Company	
	2020	2019	2020	2019
Receivable from related company:				
Maxis Communications Berhad and its subsidiaries	158	175	158	169
Payable to related company:				
Maxis Communications Berhad and its subsidiaries	121	126	121	121

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Group recognised provision for expected credit losses of LKR Nil relating to amounts owed by related parties. (2019 - Nil)

NOTES TO THE FINANCIAL STATEMENTS

(C) Government-related key institutions

The Government of Sri Lanka holds 49.5% of the voting rights of the Company as at 31 December 2020 through the Secretary to the Treasury and those have significant influence over the financial and operating policies of the Company. Accordingly, the Company has considered the Government of Sri Lanka as a related party according to LKAS 24 "Related Party Disclosure".

During the year ended 31 December 2020, the Company has carried out transactions with the Government of Sri Lanka and other Government-related entities in the ordinary course of business.

The Company identified individually significant transactions with key Government-related entities as given below:

- (i) Revenue from provision of telecommunication services during the year ended 31 December 2020 amounted to LKR 6,881 Mn. (2019 - LKR 8,761 Mn.) and credit receivables as at 31 December 2020 amounted to LKR 1,297 Mn. (2019 - LKR 3,246 Mn.)
- (ii) Deposits, repurchase agreements (Repo) and Borrowings of the Group at/from Government banks amounted to LKR 3,646 Mn. (2019 LKR 3,082 Mn.) and LKR 31,848 Mn. (2019 LKR 33,183 Mn.) as at 31 December 2020.
- (iii) Dividend payable to the Government amounting to LKR 244 Mn. (2019 - LKR 244 Mn.)

The sales to and purchases from Government-related key institutions are made on terms equivalent to those that prevail in arm's length transactions.

32.3 Transactions with key management personnel

Key management personnel comprise the Directors and Chief Officers of the Company and the Group

	Group		Company	
	2020	2019	2020	2019
Short-term benefits	422	392	341	290
Post employment benefits	35	30	31	27
Salaries and other benefits	457	422	372	317

All transactions during the year and balances as at the reporting date between the following companies have been eliminated in preparing the Consolidated Financial Statements:

- Mobitel (Pvt) Ltd.
- Sri Lanka Telecom (Services) Limited
- SLT Digital Info Services (Private) Limited
- SLT Human Capital Solutions (Private) Limited
- SLT VisionCom (Private) Limited
- Sky Network (Private) Limited
- SLT Property Management (Private) Limited
- SLT Campus (Private) Limited
- eChannelling PLC
- Mobit Technologies (Private) Limited
- Talentfort (Private) Limited

Related party transactions disclosed above should be read in conjunction with Note 16 to the Financial Statements.

33. Non-uniform accounting policies

The impact of non-uniform accounting policies adopted by the subsidiary company has been adjusted in the Consolidated Financial Statements as set out below:

Adjustment due to different accounting policies of the parent and the Group entity

- (a) Sri Lanka Telecom PLC accounts for refunds on Telecommunication Development Charge (TDC) on cash basis when the payment is received whereas Mobitel (Pvt) Ltd. recognises it in the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis.

Therefore, the recognition of the refund by Mobitel (Pvt) Ltd. was eliminated and is recognised on cash basis in the consolidated accounts.

	Group impact	
	2020	2019
Reversal of deferred revenue recognised in Statement of Profit or Loss and Other Comprehensive Income by Mobitel (Pvt) Ltd.	(14)	(35)

NOTES TO THE FINANCIAL STATEMENTS

(b) Sri Lanka Telecom PLC recognises and measures property, plant and equipment based on cost model where as SLT Campus (Pvt) Limited has adopted revaluation model in the financial year 2020.

Therefore, the revaluation gain recognised by SLT Campus (Private) Limited and its underlying deferred tax impact was eliminated and the property, plant and equipment of SLT Campus (Private) Limited was recognised at cost in the consolidated accounts.

Reversal of revaluation gain and the underlying deferred tax impact recognised in Statement of Other Comprehensive Income by SLT Campus (Private) Limited in 2020 is LKR NIL (2019 – LKR 111 Mn.).

34. Fair value disclosure

Set out below is a comparison by class of the carrying amounts and fair values of the financial instruments that are carried in the Financial Statements:

	Carrying amount				Fair value			
	Group		Company		Group		Company	
	2020	2019	2020	2019	2020	2019	2020	2019
Financial assets								
Trade and other receivables	19,999	19,709	15,236	16,981	19,999	19,709	15,236	16,981
Short-term deposits	3,666	3,112	3,646	3,082	3,666	3,112	3,646	3,082
Cash at bank and in hand	11,866	5,457	1,041	645	11,866	5,457	1,041	645
Total	35,531	28,278	19,923	20,708	35,531	28,278	19,923	20,708
Financial liabilities								
Obligations under finance leases	25	54	25	–	25	54	25	–
Borrowings	53,489	57,268	46,539	49,205	40,357	36,137	34,812	30,682
Trade and other payables	35,331	39,176	20,485	23,188	33,789	38,451	19,350	23,038
Bank overdrafts	1,885	3,739	1,453	3,265	1,885	3,739	1,453	3,265
Total	90,730	100,237	68,502	75,658	76,056	78,381	55,640	56,985

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption was used to estimate the fair values:

Cash and bank balances, short-term deposits, trade receivables, trade payables (current) and bank overdraft approximate their carrying amounts lastly due to the short term maturities of these investments.

Fair value of trade and other payables and borrowings have been arrived by discounting gross values by the year end AWFDR rate.

35. Impact of COVID-19 – Pandemic

The telecommunication service has been categorised as an essential service by the Government of Sri Lanka. With the responsibility to provide an uninterrupted service to the nation, SLT as the national telecommunications provider activated the Company's Business Continuity Plan ("BCP") and effected changes in operations, supply chain, workforce movements, investments and strategies to cope with the unprecedented challenges posed by the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

The financial impact to the Company due to the pandemic is summarised below:

(a) Impact to earnings

In the short run, the Company experienced a positive impact in areas such as Broadband, IPTV and Career Business services due to the surge in utilisation in the residential and business sectors, with the shift towards work from home arrangements in continuing the businesses. In addition, future opportunities are emerging with novel digital products and services.

(b) Impact to cash flows

The effective collection strategies of the Company coupled with the need for continuous supply of telecommunication services which is required for effective execution of work from home and study from home concepts have improved collections over the period.

The Company controlled the capital expenditure and only undertook critical projects to manage the cash flows. Further, the utilization of debt moratoriums offered by the Government to defer the capital and interest payments of loans by a few months and the reduction in market interest rates during the second half of 2020 facilitated the management of cash flows of the Company.

(c) Impact from exchange rate variation

The Company has fully settled all the foreign currency denominated loans as at the end of the financial year. Further, the Company entered into forward exchange contracts for imports to mitigate foreign exchange risk arising due to currency fluctuations.

(d) Impact to the share market price

With the rebound in the equity market in 2020, the Colombo Stock Exchange (“CSE”) witnessed a surge in market activity. The excess liquidity in the market due to interest rate reductions and moratoriums has been a key factor in the performance of CSE. Over the latter half of the year, the Company’s share market price has recovered and the trade volumes rose with the improved trading activities of the CSE.

(e) Impact on property, plant and equipment

The Company has assessed the impact on property, plant and equipment and spectrum assigned to the Company and does not foresee an impact due to the pandemic.

The Company will continue to take appropriate actions to mitigate any potential impact and will continue its contingency plans and risk management measures as the situation evolves. However, it is too early to reasonably estimate the impact of the pandemic on financial results since it has still not fully brought under control.

There were no other events or transactions that require disclosures or adjustments to the financial statements for the year ended 31 December 2020.

36. Events after the reporting date

The Board of Directors of the Company has recommended a first and final dividend of LKR 1.49 per share (2019 – LKR 1.06 per share) on voting shares of the Company to be paid by way of cash dividend for the financial year ended 31 December 2020.

Further, this dividend is to be approved at the Annual General Meeting to be held on 23 April 2021. This proposed final dividend has not been recognised as a liability as at 31 December 2020. Final dividend proposed for the year amounts to LKR 2,689,241,400 in Compliance with Section 56 and 57 of Companies Act No. 07 of 2007. As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with the Section 57, prior to recommending the final dividend. A statement of solvency completed and duly signed by the Directors on 9 March 2021 has been audited by Messrs Ernst & Young.

Except as disclosed above, no other events have arisen since the Statement of Financial Position date which require Changes to, or disclosure in the Financial Statements.

SUPPLEMENTARY INFORMATION

214 - [TEN YEAR PROGRESS - GROUP](#)

215 - [PORTFOLIO OF LANDS](#)

222 - [GRI INDEX](#)

226 - [ABBREVIATIONS](#)

227 - [NOTICE OF ANNUAL GENERAL MEETING](#)

TEN YEAR PROGRESS - GROUP

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Financial position – Group										
Property, plant and equipment	137,208	140,632	123,850	117,035	108,649	99,283	90,935	80,506	73,602	67,705
Total assets	204,456	209,019	180,435	159,206	142,910	126,545	122,604	108,047	104,510	96,603
Current assets	46,762	46,718	45,377	31,048	27,464	21,426	25,343	20,598	25,712	24,341
Current liabilities	46,701	56,949	52,378	57,885	45,226	33,082	29,031	26,526	28,091	23,948
Borrowings	55,374	61,676	55,835	41,811	32,940	24,395	27,122	20,690	17,852	14,709
Equity	84,281	78,167	73,720	71,404	68,678	65,240	63,900	59,789	55,987	53,660
Performance										
Revenue	91,119	85,948	81,445	75,741	73,801	68,022	65,040	60,144	56,771	51,644
Operating profit	11,632	8,539	7,613	3,918	5,726	6,789	5,711	6,491	6,055	5,169
Finance cost	4,105	2,510	2,048	637	1,229	2,398	211	1,177	2,233	841
Profit before tax	9,713	8,216	7,169	5,528	6,497	5,515	8,251	7,365	5,851	6,162
Taxation	1,832	1,894	2,221	1,588	1,707	1,791	2,250	1,946	1,930	1,657
Profit after tax	7,881	6,322	4,948	3,940	4,790	3,724	6,001	5,419	3,921	4,505
Cash flow										
Net operating cash flows	32,300	20,410	19,656	18,224	19,466	21,265	20,047	15,386	16,094	20,250
Net cash used in investing activities	15,034	28,278	22,890	27,415	24,347	14,375	23,524	16,507	15,362	22,968
Net cash used in/(from) financing activities	(9,003)	4,957	16,909	756	360	6,065	(5,039)	57	174	1,494
Key financial indicators										
Earnings per share (LKR)	4.37	3.50	2.74	2.18	2.65	2.06	3.32	3.00	2.17	2.50
Return on assets (%)	3.85%	3.02%	2.74%	2.47%	3.35%	2.94%	4.89%	5.02%	3.75%	4.66%
Return on equity (%)	9.35%	8.09%	6.71%	5.52%	6.97%	5.71%	9.39%	9.06%	7.00%	8.40%
Operating margin (%)	12.77%	9.94%	9.35%	5.17%	7.76%	9.98%	8.78%	10.79%	10.67%	10.01%
Asset turnover (Number of times)	0.44	0.41	0.45	0.48	0.52	0.54	0.53	0.56	0.54	0.54
Current ratio (Number of times CL)	1.00	0.82	0.87	0.54	0.61	0.65	0.87	0.78	0.92	1.02
Quick asset ratio (Number of times CL)	0.93	0.76	0.82	0.48	0.57	0.62	0.86	0.69	0.84	0.93
Debt/equity ratio - Number of times	0.77	0.93	0.76	0.59	0.48	0.37	0.42	0.35	0.32	0.27
Interest cover (Number of times interest)	1.91	1.47	1.77	2.02	4.53	5.62	8.94	9.44	6.73	11.43
Net assets per share (LKR)	46.64	43.25	40.79	39.81	38.00	36.14	35.40	33.13	31.02	29.73
Dividend per share (LKR)	1.49	1.06	1.06	0.89	0.89	0.89	0.85	0.85	0.85	0.85

- Earnings per share - Earnings per ordinary share (EPS) - Profit attributable to ordinary shareholders divided by the number of ordinary shares in use.
- Return on Assets - Return on assets (ROA) - Profit after tax expressed as a percentage of the average assets; indicates overall effectiveness in generating profits with available assets.
- Return on Equity - Return on equity (ROE) - Net profit attributable to owners, expressed as percentage of average ordinary shareholders' equity.
- Operating Margin - Operating margin is a measurement of what proportion of revenue is left over after paying for variable costs of production such as wages, raw materials, etc.
- Asset Turn Over - Asset turnover ratio measures the value of sales or revenues generated relative to the value of its assets.
- Current Ratio - The current ratio measures the ability to cover its short-term liabilities with its current assets.
- Quick Asset Ratio - The Quick Ratio, also known as the Acid-test or liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash.
- Debt/Equity Ratio - The Debt/Equity ratio measures the proportion of borrowed funds to its equity.
- The conventional Debt/Equity ratio for the year 2020 is 0.66 times (2019 - 0.79 times). The Debt/equity ratio calculated after considering the impact of SLFRS 16 - Leases is 0.77 times (2019 - 0.93 times).
- Interest Cover - Number of times interest expense is covered by earnings before interest and tax.
- Net assets per share - Net assets per share measures net assets divided by number of ordinary shares in use.

PORTFOLIO OF LANDS

The following values are based on valuation reports submitted by a firm of incorporated Valuers in 2018, on lands transferred on incorporation (conversion of SLT into a public limited company in 1996) and lands acquired after the incorporation. The said lands valued over LKR 500,000/- with their respective values are given below:

The level of the fair value hierarchy within which the fair value measurements are categorised is Level 3. Land values have been adopted after comparing with land sales in particular location by the valuer. Unobservable inputs for the assets have been used as inputs in the fair value measurement.

Location	Extent (Hectare)	Value of land (LKR Mn.)	Location	Extent (Hectare)	Value of land (LKR Mn.)
Agalawatta Kiosk Land - Lot 1, 2	0.008	0.9	Beliatta Exchange Land, Beliatta	0.442	30.5
Agarapathana Ex. & LPT Quarters Land	0.15	2.9	Beragama Kiosk Land	0.06	0.9
Agarapathana RSU Land, 150 K Project,	0.0215	0.7	Bibile Exchange Land (Lot 770, 773,774)	0.274	32.5
Agbopura Land	0.192	3.8	Bingiriya Exchange & Kiosk Land	0.168	13.3
Akkaraipattu Exchange Land	0.205	40.5	Biyagama RSU1 Land, Heiyanduwa	0.0506	10.0
Akkaraipattu Old Exchange Land (PP A 1355, Lot 1)	0.0999	15.8	Biyagama RSU2 Land, Biyagama (Bandarawatta Land)	0.0374	14.8
Akkaraipattu Road, Hingurana	0.3877	7.6	Boralesgamuwa Exchange Land	0.0335	33.7
Akurana Land	0.0759	12.0	Browns Hill Repeater Station Land, Browns Hill Lot 1, 2, 3, 4, 5	0.1415	28.0
Akurassa Exchange Land	0.0711	28.1	Bulathkohupitiya Exchange Land	0.2349	6.9
Akurassa Repeater Station Land Lot 385,386,387,388,389,390 & 391.	0.0787	2.3	Buttala Exchange Land	0.202	35.9
Alawwa Exchange Land, Nammala Road.	0.076	9.8	Chavakachcheri RAX & RSU Land	0.1214	12.0
Aliyamalagala Repeater Station	0.2021	4.0	Cheddikulam Exchange Land	0.2026	3.2
Alubomulla RSU Land	0.0759	5.3	Chilaw DIT/IPT Quarters Land	0.0468	27.7
Ambalangoda Exchange & DIT Office Land	0.079	89.0	Chilaw Exchange Land, Puttalam Road, Chilaw	0.2708	80.3
Ambalantota Exchange Land	0.1721	20.4	Chinabay Exchange Land - Lot 163 & Lot 165	0.0768	6.7
Anandankulam Land	0.202	8.0	Chunnakam RAX Land	0.1912	15.1
Angoda Exchange Land, Angoda	0.09	32.0	Circuit Bungalow Land - Bandarawela	0.1718	19.0
Angoda RSU1 Land, IDH	0.0364	10.8	Delgoda RSU1 Land, Delgoda	0.032	3.8
Angunakolapalassa Exchange Land Lot 525, 755	0.196	7.8	Deniyaya Exchange & IPT Qtrs Land Lot 764	0.177	7.0
Aranayaka Exchange Land	0.12	3.6	Deraniyagala Exchange Land (Lot 1, 2)	0.139	8.2
Ariyalai Land	0.0658	5.2	DGM Quarter Land, Rifle Green, Trincomalee	0.1577	31.2
Auto Exchange & IPT Quarters Land, Main Street, Panadura. (RTOM Office) Lot 1, 2	0.2542	299.1	Dickwella Auto Exchange & Quarters Land	0.1554	35.2
Auto Exchange & Quarters Land, Bandaragama.	0.2803	60.9	Digana Old Exchange & Repeater Station Land Ahaspokuna	0.356	24.6
Badalgama Exchange Land	0.0984	5.8	District Switching Centre & IPT Qtrs Land, Inner Harbour Road, Trincomalee.	0.3294	65.1
Badalgama IPT Qrts Land	0.0303	1.8	District Switching Centre Land, Mannar.	0.3238	76.8
Baddegama Exchange Land	0.134	21.1	DIT Quarters Land, 99/1, Ratnapura Road, Awissawella.	0.1593	28.3
Badulla District Switching Centre & Engineer's Quarters Land	0.402	135.1	DIT Quarters Land - No. 67,Gattuwana.	0.273	77.2
Bagawantalawa Exchange Land	0.1185	2.8	DIT/IPT Quarters Land - Bandarawela	0.0705	69.6
Bakamuna RSU Building Land	0.375	14.8	Divurmpitiya Repeater Station Land	0.1093	2.1
Balangoda Telecom Exchange Land Lot 1 & Lot 2	0.2324	41.5	Dodangoda RSU Land		17.9
Balungala Repeater Station Land	0.2317	2.3	Dolosbage New Exchnage Land Lot 1 & Lot 2	0.093	1.1
Bambarabotuwa Exchange Land	0.1204	4.7			

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (LKR Mn.)
Dunagaha Exchange Land	0.171	33.8
Earth Satellite Station Land, Padukka.	13.896	257.5
Ehiliyagoda Exchange Land	0.0802	23.7
Elpitiya Exchange & Kiosk Land	0.146	20.2
Embilipitiya Exchange & IPT Quarters Land, Embilipitiya	0.462	50.0
Engineer's Quarters Land, No. 116/53, Lake Round, Kurunegala.	0.206	48.9
Ensalwatta Repeater Station Land - Deniyaya	0.304	9.0
Eravur Auto Exchange Land	0.0925	36.6
Ethagala Repeater Station Land	0.253	9.0
Exchange Land, Thimbolketiya (Lot 1,2,3)	0.6771	17.2
Exchange Land, Aluth Mw., Mattakkuliya	0.046	54.5
Exchange Land, Homagama	0.1035	122.7
Exchange Land, Padukka	0.0607	18.0
Exchange Land, Yatiyana Lot 1, 2, 3 & 4	0.1288	11.0
Exchange & IPT Quarters Land, Mahawa Lot 176, 177, 179	0.462	32.0
Galagedara Exchange Land, Rambukkana Road.	0.1386	8.2
Galaha Exchange, & IPT Quarters Land, Galaha. - Lot 2 & Lot 3	0.1278	2.5
Galapitamada Land	0.099	8.2
Galapitamada New Ex. Land	0.1789	3.5
Galenbiduniwewa Land	0.1921	9.5
Galewala Old Kiosk Land	0.0152	1.1
Galewela RSU Land Lot 1185, Lot 1188 & Lot 1190	0.1822	10.8
Galgamuwa Auto Exchange Land	0.158	12.5
Galhinna Land	0.0759	2.5
Galigamuwa Auto Exchange Land	0.1031	10.2
Galkantha Mawatha, Ampara	0.7657	75.7
Galle Exchange & IPT Quarters Land, No. 8, Wakwella Road, Galle	0.1697	184.4
Galnawa Exchange & Linemen Quarters Land	0.1453	20.1
Galoya Junction(LPT Qts. Land,Station Rd.)	0.2023	2.0
Gampola Singha pitiya Road Land, Gampola	0.2529	30.0
Ganemulla Exchange & IPT Quarters Land	0.1564	47.8
Ginigathhena Exchange & Quarters Land	0.142	4.2
Gintota(Dodanduwa Exchange) Land	0.0513	10.1
Giriulla Auto Exchange Land	0.101	10.0
Godakawela RSU Land	0.049	4.7
Gonapola Land	0.0759	13.5
Gurugoda Exchange Land, Gurugoda	0.079	3.8

Location	Extent (Hectare)	Value of land (LKR Mn.)
Habaraduwa Exchange Land	0.0796	11.0
Habarana Land	0.1182	9.3
Haddon Hill Land - Nuwara-Eliya Lot 1,2 (Road Reservation)	0.072	15.5
Hakmana Exchange Land	0.126	11.2
Haldummulla Kiosk Land	0.099	2.0
Halgaran-oya Exchange Land	0.791	6.3
Hali-Ela Exchange Land	0.094	18.6
Hambantota Exchange Land, No. 66, Barrak Street	0.192	34.1
Handessa RSU Land	0.1012	4.0
Hanguranketha Ex.(New) Land	0.0851	7.6
Haputale Exchange Land	0.408	64.5
Hasalaka Exchange Land, Hasalaka	0.0794	10.2
Hatton Exchange and RTOM Office Land, Danbar Road, Hatton Lot 1	0.965	148.6
Havelock Town RSU II Land, Havelock road, Colombo 5	0.0253	90.0
Havelock Town RSU III Land, Vauerset place, Colombo 6	0.018	60.3
Hemmathagama Land	0.1017	10.0
Hettipola Exchange Land	0.098	11.6
Hingurakgoda Auto Exchange Land	0.0583	8.1
Hiniduma (Topparangala) Land	0.05	0.8
Hokandara Exchange Land	0.0857	27.8
Homagama LEUI Land, Pitipana North	0.0253	1.0
Homagama RSU 1 Land, Panagoda	0.0253	2.0
Homagama RSU 2 Land, Magamma	0.0152	1.2
Horana Exchange & DIT Quarters Land, Anguruwatta Road, Horana.	0.2177	55.9
Horawpathana Exchange Land	0.418	12.4
HP Quarters Land, Primrose Hill.	0.0534	31.7
HP's Quarters Land, Bandarawela	0.2329	27.6
HQ Building,OTS Building and CTO Building Land, Lotus Road - Colombo 1.	1.3154	9,101.0
Hungama Exchange Land, Hungama	0.125	14.8
Ibbagamuwa DRMASS Land	0.0154	3.4
Ibbagamuwa RSU Land	0.0379	3.0
Imaduwa Exchange & Kiosk Land Lot 473, 474	0.215	17.0
Inginiyagala Exchange Land	0.047	1.3
Ingiriya Exchange Land Lot 1, 2, 3	0.28	9.9
Ingiriya Kiosk Land	0.0126	0.7
IPT Qrts (Present OPMC) Land No. 8 & 10, Sri Gunarathena Mw.Panadura.	0.2952	84.6

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (LKR Mn.)
IPT Quarters (No. 1,2 & 3) Land, District Switching Centre, No. 26, Badulla.	0.034	12.1
IPT Quarters 1 No & Stores Land Mannar Rd, Vavuniya	0.306	30.2
IPT Quarters Land - 13 A/1, Galwala Road, Hambantota.	0.102	12.0
IPT Quarters Land., Station Rd, Vavuniya	0.15	29.7
IPT Quarters Land - Diyathalawa	0.0226	8.9
IPT Quarters Land - No. 07, Gattuwana.	0.121	21.5
Ja-Ela Exchange Land, DIT Office & IPT Quarters.	0.087	103.1
Jaltara Housing Scheme Land	0.0253	1.8
Kadawatha Exchange Land Lot 1, 2	0.1062	38.7
Kadawatha RSU1 Land, Ranmuthugala	0.0329	9.7
Kadawatha RSU2 Land, Ihala karagahamuna	0.043	8.5
Kadawatha RSU3 Land, Siyambalape	0.0202	4.8
Kadawatha RSU4 Land, Makola North	0.0192	6.8
Kaduwela ELU 1 Land, Ranala	0.00025	0.5
Kaduwela ELU4 Land, Welivita Junction	0.00032	0.9
Kaduwela Exchange Land Lot 1, 2	0.0983	97.2
Kaduwela RSU1 Land, Malambe	0.0248	7.3
Kahatagasdigiliya Exchange Land	0.0993	8.8
Kahawatta Kiosk Land	0.014	5.5
Kalawana Exchange Land	0.206	4.0
Kalawanchikudy Exchnage Land	0.1693	40.2
Kal-Eliya Exchange Land	0.1005	5.0
Kalpitiya Exchange Land, Kalpitiya	0.1093	10.8
Kamburupitiya Exchange Land	0.089	26.4
Kandaketiya Exchange Land	0.0981	5.8
Kandalama-Radio Repeater Station Land	0.1555	3.1
Kandapola Land	0.0894	10.6
Kantalai Exchange Land	0.1244	14.8
Karainagar Land	0.0507	0.5
Karaveddy RSU Land	0.311	18.4
Katana Land	0.1012	4.0
Katugastota Exchange & IPT Quarters Land	0.0395	23.4
Katunayaka Exchange Land Lot 1, 2	0.3039	60.1
Katuwana land	0.1	4.0
Kebithigollewa Exchange Land (Lot 314, 315)	0.2628	15.6
Kegalle Exchangeand RTOM office Land, Kegalle.	1.4515	392.9
Kekanadura Exchange & Qtrs Land, Kekanadura	0.102	20.2
Kekirawa Auto Exchange Land	0.131	23.3

Location	Extent (Hectare)	Value of land (LKR Mn.)
Kelaniya Exchange Land, Kelaniya	0.1475	46.1
Keselwatta RSU Building Land,34, Srimathi Rd, Keselwatta	0.0632	18.7
Killinochchi Exchange & Repeater Station Land	0.5799	22.9
Killinochchi RAX Land,Paranthan	0.1748	5.1
Killiveddy Exchange Land	0.0331	0.8
Kinniya Exchange Land	0.108	17.1
Kiri Ella Telecom Exchange Land	0.0875	6.9
Kiribathkumbura Land (Proposed for Training Centre)	0.5805	40.2
Kirindiwela Exchange & IPT Quarters Land - Lot 1, 2	0.2129	23.6
Kitulgala Exchange Land, Ginigathhena Road, Kitulgala	0.088	2.6
Kochchikade Exchange Land	0.041	6.5
Kollonna Exchange Land	0.332	7.9
Kopay RAX Land	0.0206	1.4
Kosgama RSU Land, Kosgama (Lot 1, 2)	0.0759	7.5
Kosgoda Exchange Land	0.092	10.9
Koslanda Exchnage Land	0.044	1.3
Kotadeniyawa Exchange Land	0.1686	10.0
Kotapola Exchange Land, Kotapola	0.122	4.8
Kotiyakumbura Exchange Land	0.1012	17.3
Kotte RSU1 Land, Madiwela	0.0278	16.5
Kotte RSU2 Land, Talawathugoda	0.0278	21.8
Kotte RSU3 Land, Battaramulla	0.0185	10.5
Kotte RSU4 Land, Thalangama North	0.0354	10.5
Kotte RSU5 Land, Kotuwegoda	0.0311	12.3
Kotte RSU6 Land, Nawala	0.0304	30.0
Kottegoda Exchange Land	0.1036	16.4
Kotugoda Stores Complex Land	7.6475	330.6
Kuchchaveli Exchange Land Lot 1689 & Lot 1690	0.1375	4.2
Kuliyapitiya Exchange Land Lot 37, 39	0.23	90.9
Kurunegala Exchange and RTOM office Land Kandy Road, Kurunegala.	0.92	345.5
Kuruwita Telecom Exchange Land	0.0653	7.7
Laggala Repeater Station (Reverston) Land (Lot 62, 69, 70, 76, Lot A, B)	1.0498	20.8
LPT Quarters Land, Station Rd., Vavuniya	0.0777	12.3
Lunugala Kiosk Land	0.1346	4.0
Lunuwila Exchange (New) Land	0.09	6.2
Madampe New Exchange Land, kurunegala Road (LOT 1, 2)	0.1048	7.1

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (LKR Mn.)
Madawachchiya Land, Mannar Rd. Medawachchiya.	0.3315	5.2
Madolkelle Exchange Land	0.0961	1.9
Madolsima Exchange Land	0.3844	6.1
Madolsima Repeater Station Land, Madolsima	0.252	3.8
Madukanda Repeater St. Land Lot 1523 & Lot 1525	0.6037	5.7
Mahaoya Exchange Land, Main Street, Mahaoya.	0.111	4.4
Maharagama Exchange Land	0.114	264.2
Mahiyangana Exchange Land	0.079	10.9
Main Street, Kalutara Lot 1, 2, 3	0.3035	342.0
Maithreepala Senanayake Mw, Anuradapura	0.1125	177.9
Maithrieepala Senanayake Mawatha Anuradhapura	0.3355	298.4
Makandura Exchange Land	0.404	19.9
Malwatta Exchange Land	0.1568	2.5
Mamadala Kiosk Land	0.0879	3.5
Manipai RAX Land	0.0516	3.0
Mannar Transmission Tower Land	0.2645	41.8
Marawila Auto Exchange Land (LOT 2)	0.0507	13.6
Maskeliya Exchange Land	0.1078	4.2
Mattegoda exchange Land	0.1265	37.5
Maturata Exchange Land	0.167	2.3
Mawanella Auto Exchange Land	0.091	21.6
Mawarala Exchange Land	0.207	8.2
Mawatagama New Exchange Land, Mawatagama	0.1015	20.1
Medamahanuwara New Exchange land	0.1247	4.5
Medawachchiya Exchange & Linemen Quarters Land	0.1468	5.8
Medirigiriya Land	0.214	8.5
Middeniya Exchange Land, Middeniya	0.287	6.8
Millaniya Exchange Land, Millaniya	0.1012	3.0
Millenium City Land, Athurugiriya	0.0197	3.5
Minuwangoda Exchange & IPT Quarters Land	0.0759	45.0
Mirigama Telecom Building, DIT Office & IPT Quarters Land, Lot 1,2,3	0.1874	24.0
Monaragala Exchange & IPT/ Linemen Quarters Land	0.316	124.9
Moratuwa Exchange Land, Moratuwa	0.1119	39.8
Moratuwa RSU 2 Land, Moratumulla	0.0276	8.2
Moratuwa RSU 3 Land, Rawatha watte	0.0202	12.0
Moratuwa RSU I Land, Molpe	0.257	6.6
Morawaka Exchange Land, Morawaka	0.0458	3.3

Location	Extent (Hectare)	Value of land (LKR Mn.)
Mount Lavinia Exchange Land, Minor Staff Room & Stores	0.1913	226.8
Mulativu Auto Exchange	0.6506	7.7
Mulatiyana Exchange Land, Mulatiyana	0.113	6.7
Mulleriyawa Land (Angoda RSU 2)	0.0379	7.5
Murukkan Land	0.1062	2.1
Muruthalawa Exchange Land	0.0969	3.8
Mutur Exchange Land	0.2838	25.2
Nagoda Exchange Land	0.123	7.2
Namunukula Circuit Bangalow Land	0.21	6.6
Namunukula Exchange Land	0.1485	4.1
Narammala old & New Exchange Land	0.097	46.0
Naula Exchange Land	0.138	16.3
Nawalapitiya Exchange & IPT Quarters Land - Lot 1 & Lot 2	0.2782	82.5
Neboda Auto Exchange Land	0.1032	4.1
Negampaha Exchange, Negampaha	0.084	3.3
Nikadalupotha Exchange Land, Hiripitiya	0.118	10.5
Nikaweratiya Exchange Land. Lot 586, 680	0.14	16.8
Nilaveli Exchange Land	0.0629	5.0
Ninthavur Exchange Land	0.0863	10.2
Nivanthaka Chethiya Road. Anuradhapura	0.0971	34.5
Niwigala Exchange & Linemen Quarters Land	0.283	8.4
No. 17, Sugathodaya Mawatha, Colombo 02.	0.219	1,038.9
No. 5, Anderson Road, Colombo 05.	0.1889	672.1
No. 7, Anderson Road, Colombo 05.	0.1363	484.9
No. 9, Anderson Road, Colombo 05.	0.1949	693.4
No. 108 & 109, Walawaththa Rd., Anuradhapura	0.243	48.1
No: 562/D, Jayanthi Rd, Anuradhapura	0.7889	93.6
No: 106, St. Joseph's Street, Negombo	0.6787	335.4
Nochchiyagama Exchange Land (Lot 1666, 1668)	0.18	8.9
Norton Bridge Exchange Land	0.1519	2.4
Nugegoda RSU 2 Land, Embuldeniya	0.0234	9.2
Nugegoda RSU 3 Land, Gangodawila	0.0186	11.4
Nugegoda RSU 4 Land, Kalubowila	0.0241	33.4
Nugegoda RSU I Land, Kirulapane	0.0244	33.8
Nugegoda Transport Garage Land, Nalandarama Road	0.197	311.5
Oluvil Exchange Land	0.1006	7.9
OPMC Land, Awissavella	0.3655	50.5
OPMC land, station Road, Batticaloa	0.516	30.6

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (LKR Mn.)
P-1 ,P-2, P-3, P-4 Thimbrigaskatuwa Pottode - quarters Land ,Negombo.	0.6037	41.8
P-5 & P-6 Poththode quarters Land, Thimbrigaskatuwa, Pottode - Negombo Lot 1, 2	1.716	84.8
Padavi Siripura Exchnge Land	0.263	4.2
Padaviya Exchange, Padaviya	0.1087	4.3
Padiyathalawa Exchange Land	0.102	2.4
Padiyathalawa Trans Repeater Station Land	1.261	5.0
Padukka LEU Land (Ihala Bope)	0.0266	0.8
Palavi Exchange Land (Double Kiosk) Palavi.	0.2024	20.0
Pallekale Land	0.0899	26.7
Pandaththeruppu Land	0.0513	1.2
Pankulam Exchange Land	0.0608	2.4
Pannala Exchnage Land	0.094	11.1
Pasalai new land	0.097	1.1
Passara Exchange and Linemen Quarters Land	0.3744	19.5
Pasyala Exchange & IPT Quarters Land, Nittambuwa Rd, Pasyala. Lot 1, 2	0.0534	7.9
Pathiraja Kanda Repeater Station Land, Ambalangoda.	0.101	1.9
Pawakkulam Land	0.2091	1.2
Peliyagoda Stores Complex Land	1.6432	640.4
Pelmadulla Telecom Exchange Land	0.095	37.5
Peradeniya Exchange, Telecom Training Centre & Quarters Land, Galaha Road, Peradeniy Lot 1 & Lot 2	0.1169	69.3
Pettigala Repeater Station Land, Balangoda.	0.073	1.7
Piliyandala Exchange Land	0.0632	37.5
Piliyandala RSU 2 Land, Makandana	0.0177	2.1
Piliyandala RSU 3 Land, Wethara	0.0253	4.0
Piliyandala RSU 4 Land, Batakeththara	0.0253	4.0
Piliyandala RSU 5 Land, Bokundara	0.0316	10.6
Piliyandala RSU I Land, Honnanthara	0.0518	9.0
Pitabaddara Exchange Land, Pitabaddara	0.216	8.5
Point Pedro Land	0.0809	5.2
Polgahawela Exchange & Quarters Land LOT 1, 3, 5	0.2	4.0
Post office Road, Eppawela	0.0914	7.2
Potthuwil Exchange Land	0.257	15.2
Potuhera Auto Exchange Land, ELU - KG206,209	0.009	0.9
Primrose Hill, Circuit Bungalow Land, Kandy	0.0751	54.9
Pugoda ELU-1 Land, Giridara	0.0051	1.2
Pugoda ELU-2 Land, Owitigama,	0.0253	4.3

Location	Extent (Hectare)	Value of land (LKR Mn.)
Pulasthigama Land	0.212	5.0
Pulmoddai Exchange Land	0.3103	18.4
Punagala (Ampitikanda) Repeater Station Land	0.192	3.7
Punchi Borella Exchange Land, Maradana.	0.2625	934.0
Pundaluoya Exchange Land	0.262	8.3
Punguduthive RAX Land	0.3571	2.8
Pussellewa Exchange Land, Nuwara Eliya Road.	0.2155	72.4
Puttalam Auto Exchange Land, Equipment Building & IPT Quarters	0.3054	75.5
Raddolugama Land	0.02908	5.2
Radella LPT Quarters Land	0.0438	1.7
Ragama Exchange Land	0.2048	121.0
Rajakadaluwa Exchange Land	0.149	23.5
Rakwana Kiosk Land.	0.027	6.4
Rakwana Telecom Exchange Land.	0.2035	12.1
Ramboda Exchange Land Lot 1, 2, 3 & 4.	0.112	5.8
Rangala Exchange Land	0.154	1.8
Ranpokunugama Exchange & IPT Quarters Land, Ranpokunugama	0.1532	21.2
Rathmalana RSU 2 Land, Borupana	0.019	3.7
Rathmalana RSU I Land, Laxapathiya	0.0253	7.0
Ratmalana Exchnage Land, Ratmalana	0.2076	255.7
Rattota Kiosk Land	0.0209	4.1
Regional Telecom Engineer's Office Land, Church Street, Galle.	0.252	647.6
Regional Telecom Engineers' Office Pollonnaruwa Exchange & IPT Quarters Land	0.3129	160.8
Regional Telecom Engineer's Office & Kandy Exchange Land Lot 1 & Lot 2	0.2251	489.4
Regional Telecom Engineer's Office - Rathnapura Billing Land	0.3645	172.9
Regional Telecom Engineer's office & exchange Land, Court Road, Gampaha.	0.1366	162.0
Regional Telecom Engineer's Office Land - 06, Senanayake Mw. Bandarawela	0.238	282.2
Regional Telecom Engineer's Office Land - Kalmunai	0.4900	67.8
Regional Telecom Engineer's office Land, Dickmens Road, Colombo 05	0.336	1,328.4
Regional Telecom Engineer's Office Matale Exchange Land	0.3342	165.2
Regional Telecom Engineers' Office, Exchange & IPT Quarters Land, Nuwara-Eliya	0.2354	698.0
Regional Telecom Engineer's Office - Matara Exchange and DIT Office Land	0.288	341.6

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (LKR Mn.)
Regional Telecom, Engineer's Office & Exchange Land, Kotte	0.2051	283.8
Repeater Station Land -Glen Course	0.2244	3.1
Repeater Station Land, Primrose Hill.	0.1233	32.9
Rideegama Exchange Land	0.253	8.0
Ridiyagama Rural Exchange Land	0.0655	1.9
Rikillagaskada Exchange, & IPT Quarters Land	0.13	23.1
RSU 1 Land, No.47/1A, Church Road, Mattakkuliya	0.0304	18.0
RSU Building & Exchange Land, Beruwela.	0.21	27.0
RSU Building & IPT Quarters Land, Matugama	0.0597	9.4
RSU Building Bulathsinghala Land Lot 1, 2	0.2017	8.0
RSU Building Meegahatenna Land Lot 2828, 2829	0.265	5.6
RSU Land-Pallepola Lot 403	0.097	8.6
RSU Land-Rattota Lot 6 & Lot 7	0.122	9.6
RTOM & Auto Exchange Land, Batticaloa	0.4383	156.0
RTOM building Land, Nugegoda	0.117	279.4
RTOM Office & DIT/IPT Quarters Land, Awissawella	0.4376	167.6
RTOM office Land, Vavuniya. Lot 1772, 1773	0.4047	48.0
RTOM Qtrs Land, Donald Janz rd, Galle	0.0511	20.2
RTOM Quartres, behind the Mosque - Anuradhapura	0.1769	52.5
Rukmalgama Exchange Land	0.0267	5.8
Ruwanwella RSU Land, Ruwanwella	0.0673	5.3
Samanturai Exchange Land	0.199	13.8
Seruwila Exchange Land	0.232	3.7
Sevanagala Exchange & LPT Qts Land Lot 4900, 4901	0.642	19.0
Single Tree Hill-Repeater Station Land Lot 1, 2, 3	0.1691	6.7
Sithankerni RSU Land	0.1745	11.8
Suriyakanda Repeater station Land	0.15	3.6
Suriyawewa Exchange Land	0.082	2.4
Switching Centre & Jaffna Exchange Land	1.181	233.5
Talaimannar Repeater St. Land Lot 1 & Lot 2	0.0824	6.7
Talawakelle Exchange Land Lot 1, 2, 3	0.1622	7.2
Tanamalwila Exchange Land	0.32	7.6
Tangalle Exchange, IPT Quarters & Repeater Stn. Land	0.196	27.1
Tangalle Linemen's Quarters Land, Tissa Road, Marakolliya, Tangalle.	0.0824	4.1

Location	Extent (Hectare)	Value of land (LKR Mn.)
Telecom Training Centre Land, No. 176, Matara Rd, Unawatuna, Galle	0.791	125.1
Telecom Training Centre Land, Welisara.	2.228	484.5
Thambuttegama Exchange Land	0.086	34.0
Thampalagam Exchange Land, Thampalagam	0.102	6.1
Thelijjawila Auto Exchange & Quarters Land	0.069	13.6
Thellipalai RSU Land	0.10985	2.2
Thirukkivil RSU Land	0.1012	6.0
Thoppur Auto Exchange Land	0.1745	5.2
Tissamaharama New Exchange Land	0.082	11.3
Torwood Repeater station Land, Matugama	0.1607	2.5
Tower Hill Raod, Hambantota. Lot 1 & Lot 2	0.215	85.0
Training Centre Land, Horethuduwa (Sirimathi Rd.)	1.4346	141.8
Transport Division Land, Polhengoda Road, Narahenpita.	0.303	539.0
Tx. Tower land (Opposite to the RTOM office seperated by Highway), Gampaha	0.0157	17.1
Udathuttipitiya Exchange Land	0.1258	7.5
Udugama Exchange Land	0.1391	11.0
Udugampola MSAN Land	0.0025	0.6
Udupussallawa Exchange Land	0.0906	1.8
Ukuwela land		9.0
Ullukkulam (SR-500) Land (Periya-Ullukkulam)	0.0536	1.6
Undugoda Exchange Land	0.0969	2.9
Upcot Rural Exchange & Linemen Quarters Land, Lot 1, 2	0.1495	2.9
Urubokka Exchange Land	0.129	11.5
Uyanwatta Land- MNA201, Dewalagama	0.0025	0.5
Vakarai VHF Station Land	0.1645	3.3
Valachchanai Auto Exchange Land	0.2036	22.1
Valvettithurai RAX Land	0.0725	1.4
Veyangoda Exchange Land, Negombo Road.	0.0889	21.1
VHF Station Land -Batticaloa (Kaliyankadu)	0.1019	14.1
Visaka Hill Repeater Station Land, Bandarawela	0.0958	9.4
Waga Land	0.1623	2.8
Walasmulla Exchange Land	0.0803	6.3
Warakapola Exchange Land	0.0867	9.4
Wariyapola Exchange Land	0.112	6.6
Watawela Land	0.121	3.8
Wattala Exchange Land	0.1012	120.0

PORTFOLIO OF LANDS

Location	Extent (Hectare)	Value of land (LKR Mn.)
Wattegama Exchange Land Kudugalla Road	0.0827	8.2
Wattegama Exchange Land Kudugalla Road (Part 2 out of Parts 2).	0.1512	16.4
Weeraketiya Exchange & Qtrs Land	0.17	10.1
Weligama Exchange & IPT Quarters Land	0.1069	30.2
Welikada Wireless Station & Maritime Service Station Land	3.088	4,883.2
Welikanda Exchange Land	0.2988	11.8
Welimada Exchange & Kiosk Land	0.111	17.5
Welimada RLL Base Station Land	0.0527	1.5
Weliweriya Exchange Land, Gampaha Road. Lot 1, 2, 3, 4	0.0438	25.5
Wellampitiya Exchange Land	0.102	40.3
Wellawaya Exchange Land	0.13	20.5
Wilgamuwa RSU Land	0.1878	22.3
Yakkalamulla Radio Base Station Land (Nabadawa RBS Land)	0.0506	0.8
Yatiantota Auto Exchange Land	0.0511	2.0

Lands revalued in the year 2020

Location	Extent (Hectares)	Value of land (LKR Mn.)
DIT & IPT Quarters, Anuradhapura	0.7889	60.2
Quarters, Nivanthika Chetiya Road, Anuradhapura	0.0466	9.2
Namulukula Repeater Station	0.1373	1.6
Bogahakumbura Exchange	0.1264	5.0
Ampitikanda Exchange	0.1264	8.2
Ella Kiosk	0.033	13.0
Batapola Exchange	0.116	27.5
Malwana Exchange	0.1057	31.3
Hanthana Repeater Station	0.2123	5.3
Kadugannawa Exchange	0.0356	28.1
Gampola Exchange	0.0285	12.7
Galaha Exchange	0.0556	0.6
Piyagala SLT Site	-	11.9
Dambulla Exchange	0.4032	136.0
Kotmale Kiosk	0.1012	1.2
Del Repeater Station	0.3731	4.4
Watagoda Exchange	0.185	7.3
Benachi Radio Transmission	0.0777	1.6
Total value of lands above LKR 500,000/-		37,121.66

GRI INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s) or explanation	Omission
General Disclosures			
GRI 102: General Disclosures			
102-1	Name of the organisation	4 , Inner back cover	
102-2	Activities, brands, products, and services	7 , 60-77	
102-3	Location of headquarters	Inner back cover	
102-4	Location of operations	10	
102-5	Ownership and legal form	Inner back cover	
102-6	Markets served	6 , 10	
102-7	Scale of the organisation	6	
102-8	Information on employees and other workers	92-99	
102-9	Supply chain	82	
102-10	Significant changes to the organisation and its supply chain		None
102-11	Precautionary Principle or approach	3	
102-12	External initiatives	33	
102-13	Membership of associations	33	
102-14	Statement from senior decision-maker	14	
102-16	Values, principles, standards, and norms of behaviour	4 , 51	
102-18	Governance structure	116	
102-40	List of stakeholder groups	30	
102-41	Collective bargaining agreements	100	
102-42	Identifying and selecting stakeholders	30	
102-43	Approach to stakeholder engagement	31-32	
102-44	Key topics and concerns raised	33	
102-45	Entities included in the consolidated financial statements	6	
102-46	Defining report content and topic Boundaries	3	
102-47	List of material topics	33	
102-48	Restatements of information		None
102-49	Changes in reporting		None
102-50	Reporting period	3	
102-51	Date of most recent report	3	
102-52	Reporting cycle	3	
102-53	Contact point for questions regarding the report	3	
102-54	Claims of reporting in accordance with the GRI Standards	3	
102-55	GRI content index	222	
102-56	External assurance	3	

GRI INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s) or explanation	Omission
Material topics			
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	45	
103-2	The management approach and its components	35	
GRI 201: Economic Performance			
201-1	Direct economic value generated and distributed	45-50	
201-3	Defined benefit plan obligations and other retirement plans	99	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	84	
103-2	The management approach and its components	84	
GRI 203: Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	84-88	
203-2	Significant indirect economic impacts	84-88	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	81	
103-2	The management approach and its components	82	
GRI 204: Procurement Practices			
204-1	Proportion of spending on local suppliers	82, 83	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	131	
103-2	The management approach and its components	131-132	
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption	134	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	131	
103-2	The management approach and its components	131-134	
GRI 206: Anti-competitive Behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal action was taken during the year	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	84	
103-2	The management approach and its components	84	

GRI INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s) or explanation	Omission
GRI 302: Energy			
302-5	Reductions in energy requirements of products and services	88	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	84	
103-2	The management approach and its components	87-88	
GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations		None
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	91	
103-2	The management approach and its components	91	
GRI 401: Employment			
401-1	New employee hires and employee turnover	95-97	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	99	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	91	
103-2	The management approach and its components	91	
GRI 403: Occupational Health and Safety			
403-3	Workers with high incidence or high risk of diseases related to their occupation		None
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	91	
103-2	The management approach and its components	98	
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	98, 99	
404-2	Programmes for upgrading employee skills and transition assistance programmes	98	
404-3	Percentage of employees receiving regular performance and career development reviews	100	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	91	
103-2	The management approach and its components	91	
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	91	

GRI INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s) or explanation	Omission
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	91	
103-2	The management approach and its components	91	
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	100	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	91	
103-2	The management approach and its components	91	
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	100	
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	84	
103-2	The management approach and its components	84	
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programmes	84-87	
413-2	Operations with significant actual and potential negative impacts on local communities		None
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	60	
103-2	The management approach and its components	80	
GRI 417: Marketing and Labeling			
417-3	Incidents of non-compliance concerning marketing communications		None
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	131	
103-2	The management approach and its components	134	
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		None
GRI 103: Management Approach			
103-1	Explanation of the material topic and its Boundaries	131	
103-2	The management approach and its components	132-134	
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area		None

ABBREVIATIONS

4G	- Fourth Generation	ITU	- International Telecommunication Union
5G	- Fifth Generation	KPI	- Key Performance Indicator
ADSL	- Asymmetric Digital Subscriber Line	KPO	- Knowledge Process Outsourcing
BPO	- Business Process Outsourcing	LED	- Light Emitting Diode
BSS	- Billing Support System	LGN	- Lanka Government Network
CAPEX	- Capital Expenditure	LTE	- Long-Term Evolution
CCC	- Colombo City Centre	MBB	- Mobile Broadband
CDMA	- Code Division Multiple Access	Mbps	- Megabits per second
CRM	- Customer Relationship Management	MIMO	- Multiple-Input and Multiple-Output
CSP	- Communication Service Provider	MoU	- Memorandum of Understanding
DC HSPA+	- Dual-Carrier High Speed Packet Access	MPLS	- Multi Protocol Label Switching
DSP	- Digital Service Provider	NB-IoT	- Narrowband Internet of Things
EBITDA	- Earnings Before Interest, Taxes, Depreciation and Amortisation	NBN	- National Backbone Network
EPF	- Employees' Provident Fund	NED	- Non-Executive Director
ERP	- Enterprise Resource Planning	NFV	- Network Functions Virtualisation
ETF	- Employees' Trust Fund	NGN	- Next Generation Network of Sri Lanka
FBB	- Fixed Broadband	OPEX	- Operating Expenses
FTTP	- Fibre-To-The-Premises	OSS	- Operational Support System
FTTN	- Fibre-To-The-Node	OTT	- Over The Top
Gbps	- Gigabits per second	PEO TV	- Personalised Entertainment Option Television
GRI	- Global Reporting Initiative	PIOCMA	- Pacific and Indian Ocean Cable Maintenance Agreement
GTH	- Global Telecommunications Holdings	PoP	- Point of Presence
HDTV	- High Definition Television	PSTN	- Public Switched Telephone Network
HSPA	- High Speed Packet Access	RCS	- Rich Communications Suite
ICT	- Information and Communication Technologies	SAFA	- South Asian Federation of Accountants
ICTA	- Information and Communication Technology Agency	SDN	- Software-Defined Networking
IDD	- International Direct Dialling	SEA ME WE	- South East Asia - Middle East - West Europe
IMS	- IP Multimedia Subsystem	SEAIOCMA	- South East Asia and Indian Ocean Cable Maintenance Agreement
INED	- Independent Non-Executive Director	SLBN	- Sri Lanka Telecom Broadband Network
IoE	Internet of Everything	SLFRS	- Sri Lanka Financial Reporting Standards
IoT	- Internet of Things	SLIM	- Sri Lanka Institute of Marketing
IPTV	- Internet Protocol Television	SME	- Small and Medium Enterprise
ISP	- Internet Service Provider	SOA	- Service Oriented Architecture

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Fourth (24th) Annual General Meeting of Sri Lanka Telecom PLC will be held at 10.00am on Friday, 23 April 2021 at the “Lotus”, Bandaranaike Memorial International Conference Hall (BMICH), Baudhaloka Mawatha, Colombo 07 for the purpose of conducting the following Ordinary Business:

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2020 with the Report of the Auditors thereon.
2. To declare a first and final dividend of LKR 1.49 per share as recommended by the Directors.
3. To elect as a Director, Mr Saman Fernando, who retires in terms of Article 97 of the Articles of Association.
4. To re-elect as a Director, Mr Chan Chee Beng, who retires by rotation in terms of Articles 91 and 92 of the Articles of Association.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine and make donations to charities.
7. To transact any other business of which due notice has been given.

By Order of the Board
SRI LANKA TELECOM PLC



Mahesh Athukorale
Group Company Secretary

26 March 2021
Colombo

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.

FORM OF PROXY

I/We..... (holder of NIC No.)
of being a member/members of Sri Lanka Telecom PLC
hereby appoint
(holder of NIC No.) ofwhom failing*

Mr Rohan Fernando	whom failing*
Mr Lalith Seneviratne	whom failing*
Mr Chan Chee Beng	whom failing*
Mr Lawrence Paratz	whom failing*
Ms Lai Choon Foong	whom failing*
Mr Mohan Weerakoon, PC	whom failing*
Mr Ranjith Rubasinghe	whom failing*
Mr Saman Fernando	

as my/our* proxy to represent me/us* to speak and vote for me/us* and on my/our* behalf as indicated below at the 24th Annual General Meeting of the Company, to be held on 23rd April 2021 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

For Against

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31 December 2020 with the Report of the Auditors thereon.
2. To declare a first and final dividend of LKR 1.49 per share as recommended by the Directors.
3. To elect as a Director, Mr Saman Fernando, who retires in terms of Article 97 of the Articles of Association.
4. To re-elect as a Director, Mr Chan Chee Beng, who retires by rotation in terms of Articles 91 & 92 of the Articles of Association.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine and make donations to charities.

In witness my/our hand/seal given on this day of Two Thousand and Twenty one.

.....
Signature

**Please delete what is inapplicable.*

Note: Instructions as to completion appear overleaf.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.
2. Please indicate with an "X" in the space provided, how your proxy is to vote on each resolution. If no indication is given the proxy in his/her discretion will vote as he/she thinks fit.
3. In the case of a corporate member the proxy must be executed in accordance with the Articles of Association. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, Sri Lanka Telecom PLC, Lotus Road, Colombo 1 or sent to the email address SLTAGM2021@slt.com.lk not later than 48 hours before the time fixed for the holding of the Meeting.

CORPORATE INFORMATION

Name of the Company

Sri Lanka Telecom PLC

Legal Form

A public limited liability Company incorporated in Sri Lanka in September 1996, under the Conversion of Public Corporations of Government-Owned Business Undertakings into Public Limited Companies Act No. 23 of 1987 and quoted on the Colombo Stock Exchange in January 2003.

Company Registration Number

PQ 7

Stock Exchange Listing

1,804,860,000 Ordinary Shares of the Company are listed in the Colombo Stock Exchange.

Registered Address

Telecom Headquarters, Lotus Road, Colombo 1.

Board of Directors

- Mr Rohan Fernando - Chairman
- Mr Lalith Seneviratne - Director/GCEO
- Mr Lawrence Paratz
- Mr Chan Chee Beng
- Ms Lai Choon Foong
- Mr Mohan Weerakoon, PC
- Mr Saman Fernando
- Mr Ranjith Rubasinghe

Audit Committee

- Mr Mohan Weerakoon, PC - Chairman
- Ms Lai Choon Foong
- Mr Saman Fernando

Remuneration and Nomination Committee

- Mr Chan Chee Beng - Chairman
- Mr Lawrence Paratz
- Mr Rohan Fernando

Technology Subcommittee

- Mr Lawrence Paratz - Chairman
- Mr Lalith Seneviratne

Senior Tender Board

- Mr Saman Fernando - Chairman
- Mr Lawrence Paratz
- Mr Mohan Weerakoon, PC
- Ms Lai Choon Foong

Related Party Transactions Review Committee

- Ms Lai Choon Foong - Chairperson
- Mr Mohan Weerakoon, PC
- Mr Saman Fernando

Auditors

Ernst & Young (Chartered Accountants), 201, De Saram Place, Colombo 10.

Company Secretary

Mr Mahesh Athukorale

Credit Rating

Fitch Rating

National long-term rating of AA+ (Ika) Standard & Poor's rating

Long-term issuer

credit rating of B

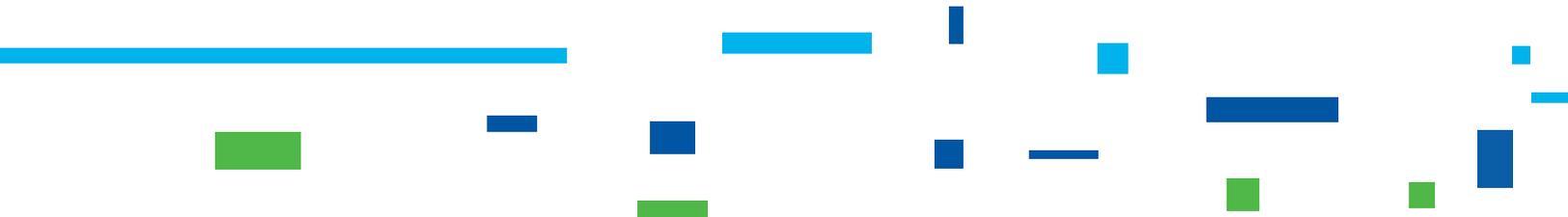
Bankers

- Bank of Ceylon
- Citibank N.A.
- Commercial Bank of Ceylon PLC
- Deutsche Bank
- Hatton National Bank PLC
- HSBC Bank
- Nations Trust Bank PLC
- NDB Bank PLC
- People's Bank
- Sampath Bank PLC
- Seylan Bank PLC
- Standard Chartered Bank



This Annual Report is Carbon Neutral

Produced by Smart Media (Pvt) Limited, a carbon neutral company that offsets its direct and indirect GHG emissions through verified sources.



Scan to view the online version
of this annual report