

Delivering True strength



Scan the QR Code with
your smart device to
view this report online.

www.kelanicables.com

Delivering True strength

Kelani Cables has, over its 45 years of existence, consistently delivered strong financial performances. The true strength of a business however goes well beyond the numbers. True strength is derived from the expertise within, manufacturing excellence, the quality of our products, superior service and the sustainable positive impact a company makes on its stakeholders. At Kelani Cables, we have pursued each of these aspects with a single minded vision to be the best at what we do. That's why today, we can proudly say that we stand truly strong, inspired by our past and excited about our future.

Contents

Vision, Mission	3	Financial Reports	
About the Company	3	Independent Auditors' Report	53
Financial Highlights	4	Statement of Profit or Loss and other	
System & Product Certifications and Awards	5	Comprehensive Income	54
Chairman's Review	6	Statement of Financial Position	55
CEO's Review	10	Statement of Changes in Equity	56
Board of Directors	14	Statement of Cashflow	57
Senior and Middle Management Team	16	Notes to the Financial Statements	58
Business Review and Marketing Strategy	18	Statement of Value Addition	87
Product Portfolio	20	Investors Information	88
Sustainability Report	24	Decade at a Glance	89
Risk Management	32	Glossary of Financial Terms	90
Corporate Governance	35	Notice of Meeting	91
Audit Committee Report	46	Form of Proxy	Enclosed
Remuneration Committee Report	47	Corporate Information	IBC
Report of the Directors	48		
Directors' Responsibility for Financial Reporting	51		

Our Vision

To be “a house of special cables”.

Our Mission

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

About the Company

Kelani Cables was founded in 1969 as a manufacturer and distributor of power and telecommunication cables and enamelled winding wires. Having begun operations with just twelve workers, Kelani Cables is a household name today with over 450 - strong workforce and a solid reputation for quality and stability.

Kelani Cables has undergone several changes in ownership over the years; founded by the Wijegoonawardena family, the company became a subsidiary of the Australian multinational Pacific Dunlop Cables Group in 1994 and in late 1999, the major shareholding was transferred to ACL Cables PLC. These alliances have provided opportunities for expansion and knowledge sharing which have enabled the company to enhance its operations.

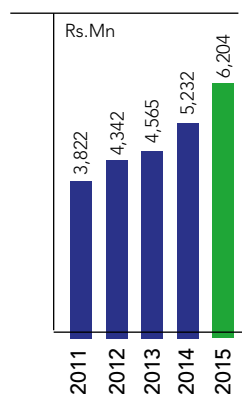
KCL became a public quoted company in 1973 and its shares trade on the Colombo Stock Exchange.

Financial Highlights

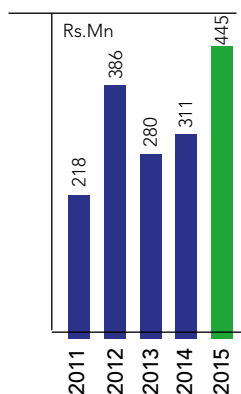
For the year ended 31st March,

		2015 Rs.	2014 Rs.
Turnover	Millions	6,204	5,232
Gross Profit	Millions	1,023	866
Profit Before Tax	Millions	445	311
Profit After Tax	Millions	326	215
Net Assets	Millions	2,759	2,341
Net Assets per Share	Rs.	126.56	107.40
Earnings per Share (EPS)	Rs.	14.78	10.46
Return of Investment (ROI)	%	18.1%	15.0%
Market Price per share (End)	Rs.	80.00	80.00

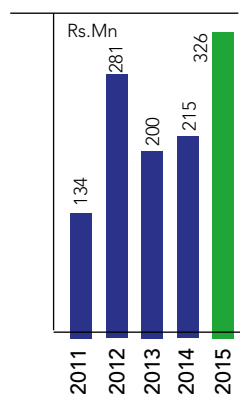
Turnover



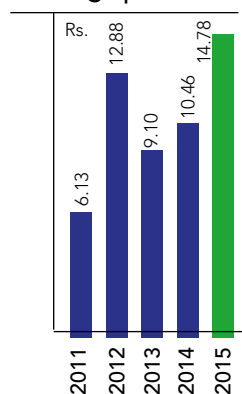
Profit Before Tax



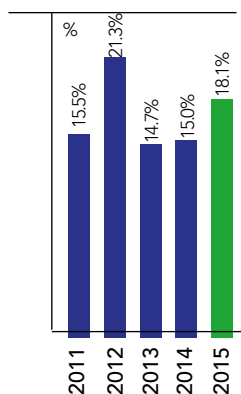
Profit After Tax



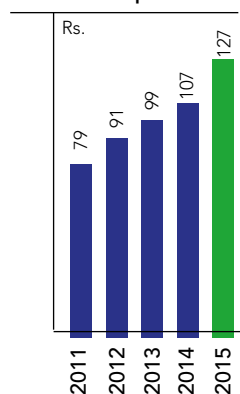
Earnings per Share



Return on Investment



Net assets per Share



System & Product Certifications and Awards

1980

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

1986

SLS 750 Product Certification for All Aluminium Conductors

1994

SLS 412 Product Certification for Auto Cables

2000

ISO 9001 Quality Management System Certification

2004

UL certification for its Enamelled Winding Wires from Underwriters Laboratories India

2005

- CNCI Achiever of Industrial Excellence - Silver Award
- Sri Lanka National Quality Awards - under the Large Scale Manufacturing Category - Merit Certificate
- Taiki Akimoto 5S Award- All Island 2nd Runner Up
- National Productivity Awards - 2nd Runner-up and Provincial Productivity Awards- 2nd Runner-up

2006

- Sri Lanka National Quality Awards - Manufacturing category - Award Winner
- CNCI Achiever of Industrial Excellence - Gold Award
- Taiki Akimoto 5S Award- All Island 1st Runner Up

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

2007

- Taiki Akimoto 5S Awards Overall Gold award winner, Gold award winner - Manufacturing sector
- CNCI Achiever of Industrial Excellence - Gold Award
- Business Excellence Awards Processing, Manufacturing, Industrial Engineering - 2nd Runner Up
- National Convention in Quality Circles - Seven trophies received
- LMD, the premier Business Magazine, rated Kelani Cables as one of the most valuable brands
- Awarded Business Superbrand status Voted one of Sri Lanka's strongest brands
- Kelani brand was accredited with the Soorya Sinha Logo

2008

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

2010

- National Safety Awards 2010 - Award winner in Manufacturing and Processing Sector
- National Engineering & Technology Exhibition 2010 - Silver Award for the stall with best display of local products.
- SLIM Brand Excellence 2010 - Award for the Best Entry Kit.
- Annual Report Awards 2010 - Certificate of Compliance in Manufacturing Sector

2011

- SLS 1186: Product certification for Armoured Electric Cables having Thermosetting Insulation.
- ISO 14001: 2004 Environmental Management System Certification.
- National Cleaner Production Awards - Manufacturing (Large) - Merit Certificate.
- Annual Report Awards 2011- Certificate of Compliance in Manufacturing Sector

2012

- SLIM Brand Excellence Business to Business- B2B Brand of the year, Bronze Award
- SLIM Brand Excellence Best Entry Kit - Gold Award
- Annual Report Awards 2012- Certificate of Compliance in Manufacturing Sector

2013

- SLIM Brand Excellence B2B Brand of the year category - Gold Award
- SLIM Brand Excellence Best Entry Kit - Gold Award
- SLITAD People Development Award - Gold Award
- National Cleaner Production Awards - Manufacturing (Large) Merit award

2014

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

2015

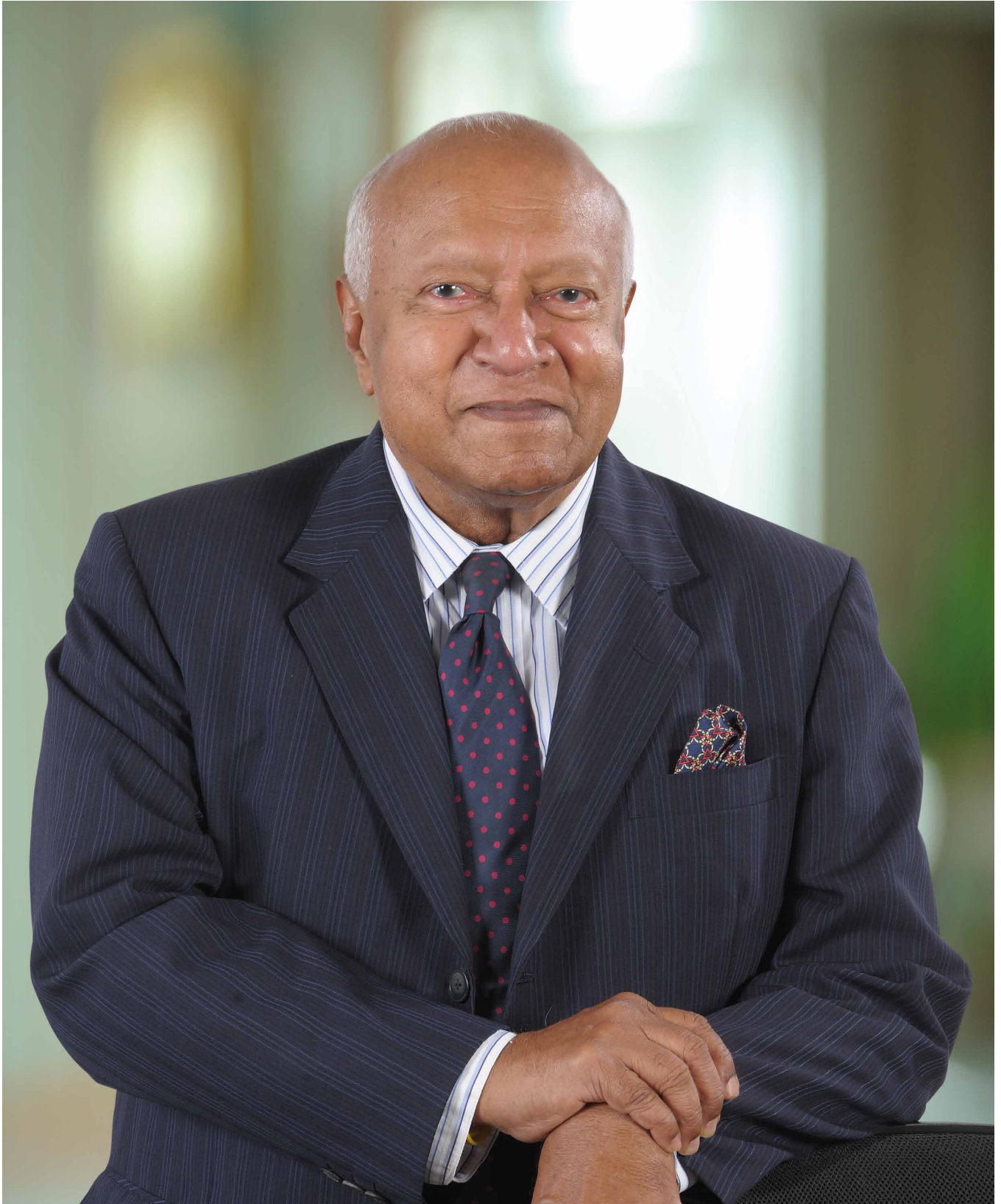
Permitted to use Responsible Care Logo

Chairman's Review

We will continue to grow through a clear strategic direction and strive towards sustaining strong growth through a process of market expansion and cost control in all our activities.



Upali Madanayake
Chairman



Chairman's Review

"Your Company has performed extremely well and has recorded a sales turnover of Rs.6.2 billion the highest in the history of the company."

During the year under review there were many issues concerning the economic and political situation in the country and a Presidential election during the last quarter of the year. However, your Company has performed extremely well and has recorded a sales turnover of Rs.6.2 billion, the highest in the history of the Company. It was truly a remarkable achievement despite competition in the local market.

Our team excelled by utilizing all the resources available to achieve this record sales turnover. The sales growth year on year was approximately 18.6%. Our export sales grew by 50%, Redistribution sales by 18.6% and Institutional sales by 11.2% over the last financial year. Trading products such as Bulbs, Data & Communication Cables, Cable Accessories, Insulating and Masking Tapes, etc., grew by 148%.

Financial performance

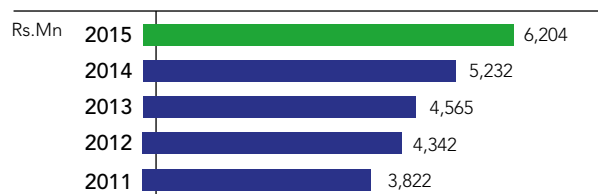
Your Company was able to safeguard the shareholder interest and ensure sustained growth despite competition in the local and international markets.

The gross profit grew by 18.1% over last year. Profit before tax recorded a growth of 43.3% and the bottom line grew by 51.6%.

	2014	2015	Growth	%
T/O	5,232	6,204	972	18.6
G.P	866	1,023	157	18.1
PBT	311	445	134	43.3
NP	215	326	111	51.6

Many internal controls to minimize waste and improve our operational efficiency are continued to bring down costs. Inventory control to minimize stocks and improved delivery efficiency from our fleet of delivery trucks that deliver stocks Island-wide have improved over the last year. We

Turnover



coupled our cost control strategy with an aggressive sales & promotional campaign to ensure strong income, while containing costs.

Expansion programme

The new land is being developed to relocate the Cutting & Rewinding unit, central warehouse etc., and much needed cable drum storage yard; these initiatives will certainly improve our internal efforts to serve the customer better and reduce costs etc.

Our Operational & Engineering team completely refurbished a Laying up line to manufacture Aerial Bundled Cables for the CEB. It was a very commendable effort by the Engineering & Technical staff to undertake such a task and they have demonstrated their capabilities and commitment to the Company. Since then our capacity to manufacture ABC Cables has increased fourfold.

Share performance

We are happy to announce that in the face of strong performance, your Company share has increased its market value during the year, with the earnings per share rising from 10.46 to 14.78 by March 2015. Your share fared well



during the year and traded between Rs. 75.20 and Rs. 101.90, and closed at Rs. 80.00 per share.

Our achievements

We continue to maintain the ISO 9001/2008 and ISO 14000/2008 standards, good manufacturing practices, 5S, Kaizen concepts etc. Regular compliance audits are carried out to ensure adherence to the given standards. Employees are rewarded and recognized annually for good Kaizen projects.

The Kelani Saviya CSR project is in place for the 8th year since its inception with University of Peradeniya - Engineering Faculty and we have trained approximately 250 electricians to date.



The Kelani Shakthi CSR project was launched with the University of Jaffna - Engineering Faculty, Killinochchi. 53 Electricians were inducted as the first batch in February this year.

Future outlook

We will continue to grow through a clear strategic direction and strive towards sustaining strong growth through a process of market expansion and cost control in all our activities.

The export market will be enhanced by improving sales in Maldives and Bangladesh. We will expand our exports to Dubai, Seychelles and the African region. We are conducting discussions with our Australian buyers and look forward to a positive outcome during the next financial year.

Appreciation

I express my gratitude to the Board of Directors, and to the Chief Executive Officer Mahinda Saranapala, for their support and guidance throughout the year for another successful year of operations. I thank all employees for their invaluable services, contribution and dedication towards the company. I also acknowledge our valued customers, distributors, dealers, bankers and suppliers for their loyalty to the company.

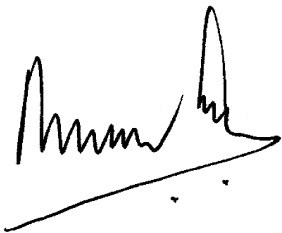
I acknowledge with gratitude the trust of our shareholders in the management and Board of Directors.

Upali Madanayake
Chairman

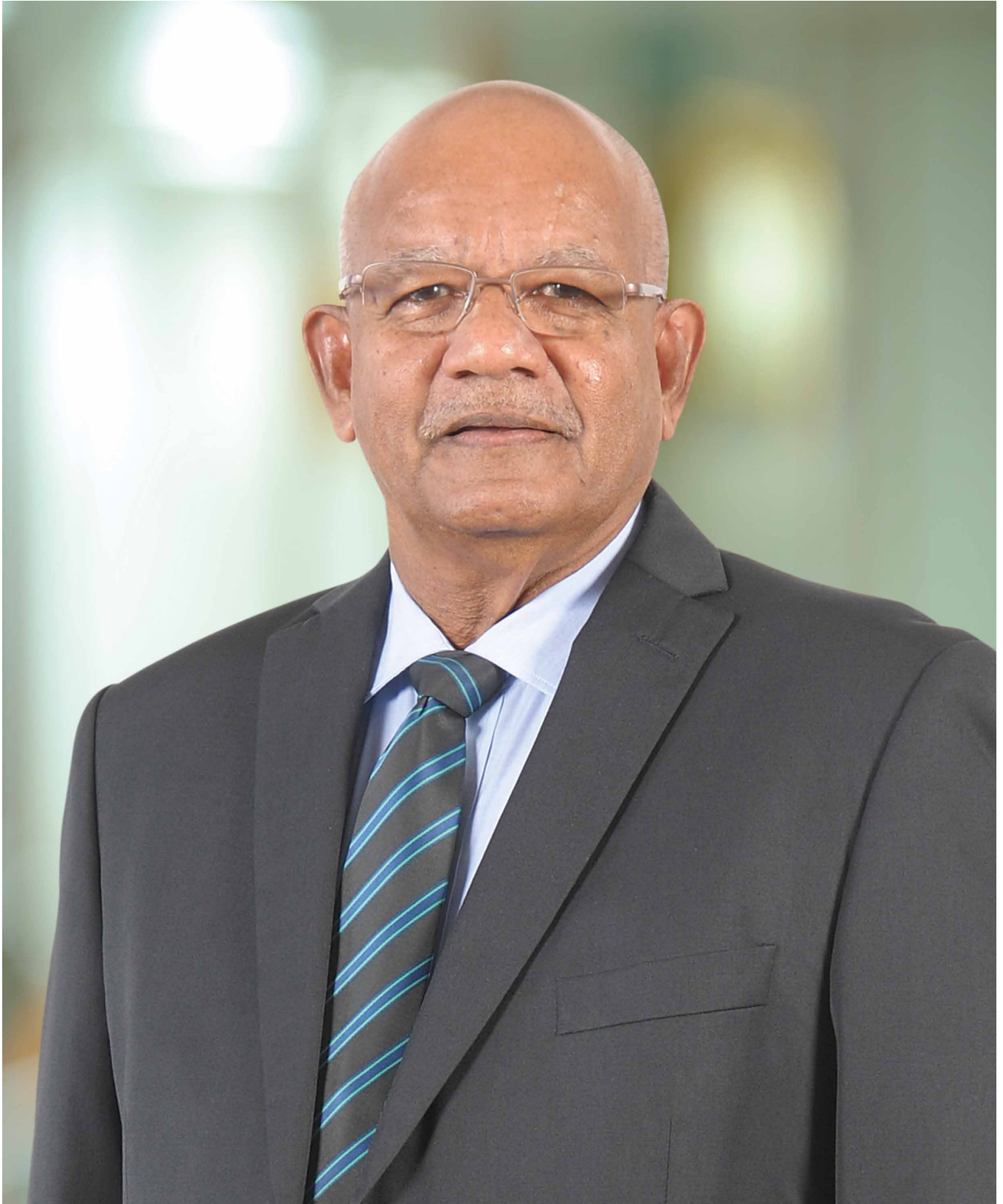
22nd July 2015
Colombo

CEO's Review

We are pleased to report that your Company has maintained the growth momentum with good performances from 'Team Kelani' this year too.

A handwritten signature in black ink, appearing to read 'Mahinda Saranapala', with a long horizontal line extending from the bottom left.

Mahinda Saranapala
Chief Executive Officer



CEO's Review

"We will continue to work on the triple bottom line principles of sustainability encompassing the three elements of people, planet and profits."

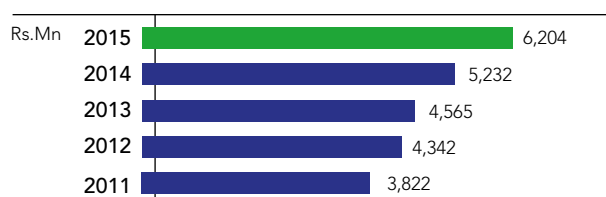
We have set a clear strategic direction over the last four years and during the year 2014/2015, our team demonstrated their commitment to working towards our collective objective of consolidating on the rock-solid fundamentals in place.

We are pleased to report that your Company has maintained the growth momentum with good performances from 'Team Kelani' this year too. With our clear strategic directions we have been able to get the maximum from all our resources to record our highest-ever turnover of Rs. 6.2 billion.

Focusing on our theme of sustainable growth & profits the results are very encouraging. Your Company recorded an overall revenue growth of 18.6% which is Rs. 200 mn above the target set for the year. The gross profit increase year on year was 18.1 %. Profit before tax was 43.3% more than last year. Profit after tax was 51.6% over last financial year.

	2014	2015	Growth	%
T/O	5,232	6,204	972	18.6
G.P	866	1,023	157	18.1
PBT	324	441	117	36.1
NP	228	322	94	41.2

Turnover

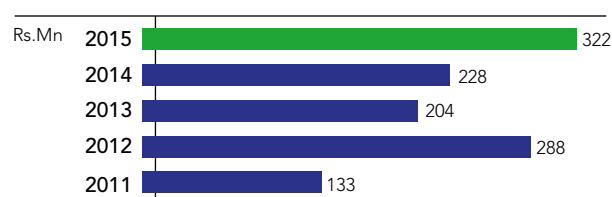


The Marketing team has performed extremely well despite competition in the local and international markets. This has enabled the Company to perform remarkably well

in all the market segments and achieve a year on year turnover growth of 18.6% and maintain its market share. Export market has performed well above the targets as the Company was able to strengthen its presence in Maldives and Bangladesh. The growth rates in Re-distribution, Institutional and Export segments were 18.6%, 11.2% and 50% respectively.

Kelani Lighting has made good progress with GLS and CFL bulbs and all trading products collectively have had a 148% increase over the last year. In addition to Bulbs we sell Cable Accessories, Insulating Tape, Masking Tape, Cat 5/ Cat 6 Data Cables and Schneider range of products.

Profit After Tax



Share performance

Your Company share has increased its market value during the year, with the earnings per share rising from 10.46 to 14.78 by March 2015. Your share fared well during the year and traded at between Rs. 75.20 and Rs. 101.90 and closed at Rs. 80.00 per share.

Human Resources

We maintain cordial relations with our staff and have constant dialogue with them. Regular JCC/welfare meetings are held. Employee training on various topics is conducted by internal and external resource personnel. Annual events held are Sinhala Avurudu celebrations, Employee picnic, Christmas party, Medical camp etc.

We are working on improving employee engagement in all our activities.

Eminent resource persons are invited as guest speakers on various management topics once a month. These seminars are appreciated by the management team and are eagerly anticipated by all.



Manufacturing

Manufacturing Plants 1, 2 and 3 utilized all the available resources efficiently and supported Sales & Marketing by providing all requirements as per the budget whilst maintaining the required quality and standards, and meeting delivery targets. All products manufactured for exports too met the stringent international standards. This is a creditable performance considering the age of the machinery and equipment at our manufacturing plants.

Good manufacturing practices are sustained by 5S Kaizen initiatives. Employees are rewarded and recognized for good kaizen improvement projects.

ISO 9001/2008, 14000/2008, 5S, Kaizen, TQM etc. are sustained. Regular compliance audits are carried out to ensure that standards are maintained.



Environment

Many initiatives in environment-related areas such as conserving water, energy and reduction in solid waste are in place and are monitored to ensure maximum compliance.

We will continue to work on the triple bottom line principles of sustainability encompassing the three elements of people, planet and profits.



Future outlook

We will continue to make maximum use of our resources to sustain our growth momentum and to assure our shareholders of better corporate performance as in the past four years and work on our theme of sustainable growth and profits. We hope the political and economic environment will be conducive for such growth with sound policies etc.

Appreciation

I thank all those who made it possible for us to achieve double-digit growth in all our key result areas - The Chairman, Deputy Chairman and the Board of Directors, for their invaluable contributions and guidance during the year under review.

Special appreciation goes to the management and employees for their contribution and commitment towards achieving our corporate goals.

Thank you to our business partners from all parts of the country, customers, our suppliers, bankers and all government institutes for their unfailing support and corporation.

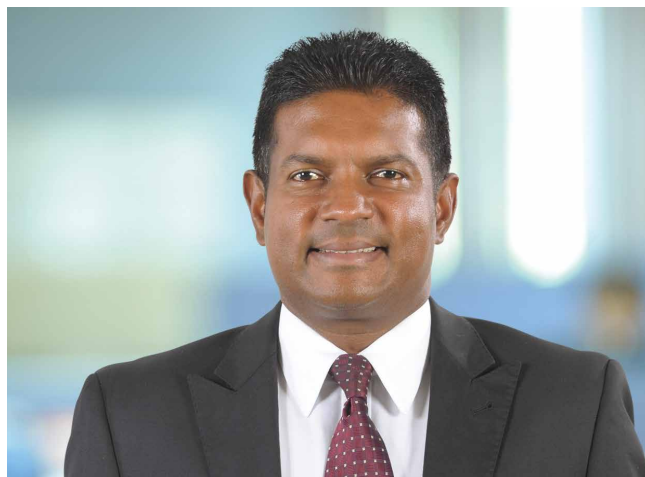
Mahinda Saranapala
Chief Executive Officer

22nd July 2015
Colombo

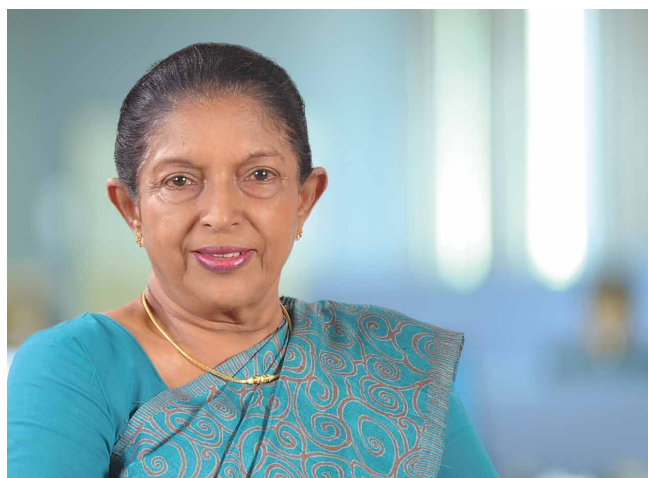
Board of Directors



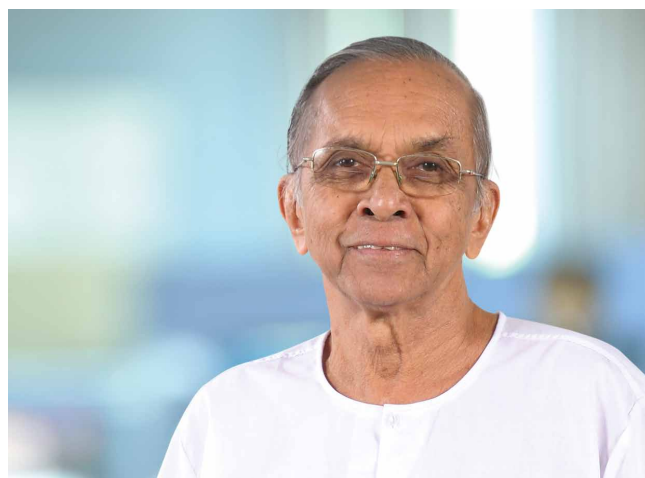
Mr. Upali Madanayake - Chairman



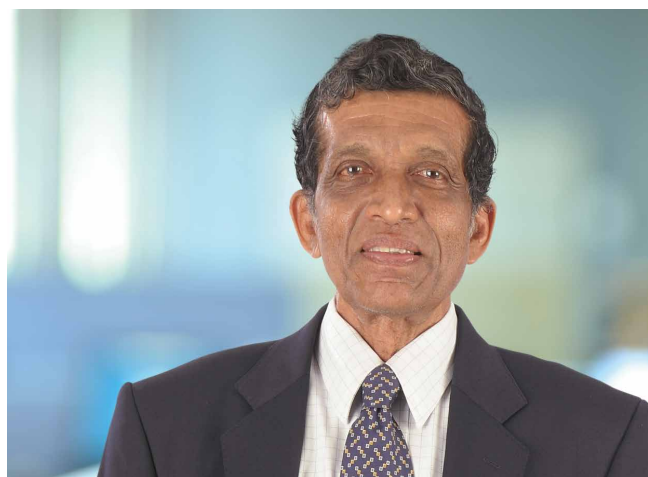
Mr. Suren Madanayake - Deputy Chairman



Mrs. N. C. Madanayake - Director



Dr. Ranjith Cabral - Director



Dr. Bandula Perera - Director

Mr. Upali Madanayake - Chairman

Mr. Upali Madanayake had his early education at Ananda College Colombo and graduated from the University of Cambridge, England, in 1958 and had his MA (Cantab.), conferred on him in 1962. He is a Barrister at Law (Lincoln's Inn) and an Attorney at Law of the Supreme Court of Sri Lanka. He started his working life managing family owned plantations until most of the lands were taken over by the State under the Land Reform Law of 1972. He still continues to take an active interest in agriculture.

He joined the Board of Associated Motorways Limited and subsequently became Deputy Chairman of the Company. He was appointed to the Board of ACL Cables Ltd in 1963, Managing Director of the Company in July 1978, and Chairman cum Managing Director in May 1990. Presently he serves as the Chairman of ACL Cables PLC.

With the acquisition of Kelani Cables Limited by the ACL Group in 1999, he was appointed as Chairman of Kelani Cables Ltd and Lanka Olex Cables (Private) Ltd., which is the holding Company of Kelani Cables PLC.

Mr. Madanayake is the Chairman of Fab Foods (Pvt.) Limited, Ceylon Tapioca Limited, ACL Plastics PLC, ACL Metals & Alloys (Pvt) Ltd., ACL Polymer (Pvt) Ltd., Ceylon Copper (Pvt) Ltd., ACL Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., and ACL Electric (Pvt) Ltd.

He has over 50 years of experience in the cable industry.

Mr. Suren Madanayake - Deputy Chairman

Mr. Suren Madanayake had his education at Royal College Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA. He was appointed to the Board of ACL Cables Ltd in June 1991 and appointed as Managing Director in September 2005. When ACL Group acquired Kelani Cables Limited, in October 1999 he was appointed as Managing Director of Kelani Cables Ltd, and Lanka Olex Cables (Pvt) Ltd., which is the holding company of Kelani Cables PLC. In 2003 he was appointed as Deputy Chairman of Kelani Cables PLC. In 2014, he was appointed as a Chairman of Resus Energy PLC

He also serves as the Managing Director of ACL Plastics PLC and Director of Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt) Ltd., ACL Polymer (Pvt) Ltd., ACL Kelani Magnet Wire (Pvt) Ltd, Ceylon Copper (Pvt) Ltd., ACL Electric (Pvt) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt) Ltd. and Ceylon Tapioca Limited. In 2015, he was appointed to the Board of National Asset Management Ltd (NAMAL). He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity.

Mrs. N. C. Madanayake - Director

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

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

Dr. Ranjith Cabral - Director

Dr. Ranjith Cabral is a Graduate in Science from University of Ceylon and holds a Doctorate in Psychometrics and Education from Brunel University, UK. He is a former Chairman of Colombo Gas Company, Vice Chairman of Ceylon Electricity Board and has served on the Boards of Ceylon Petroleum Corporation, Industrial Development Board and the Management of the University of Colombo School of Computing (UCSC). He also served as a Member of the Councils of the Open University of Sri Lanka and the University of Colombo.

Dr. Cabral has held several Senior Management positions in both the Public and Private sectors, and a Past President of the Institute of Personnel Management Sri Lanka (IPM). Dr. Cabral is currently Chairman of Bandaranaike Centre for International Studies (BCIS), Sikshana Educational Investment (Pvt) Ltd, Graduate School of Management of Sri Lanka (GSM), and Lideke Wery Educational Institute of Sri Lanka, which is supported by the Lideke Wery Foundation (LWF) in the Netherlands, and Chairman designate MBSL Life Insurance PLC, and also a Council Member of the South Asian Institute of Technology and Medicine of Sri Lanka (SAITM).

He was appointed to the Board of Kelani Cables PLC in March 2008.

Dr. Bandula Perera - Director

Dr. Bandula Perera counts more than forty years of experience in both Public and Private sectors.

He is a former Chairman of SME Bank, former Board Member of Credit Information Bureau of Sri Lanka, former Managing Director of Ceylon Glass Company, former Additional Director General of Board of Investments, former Chairman of the Industrial Development Board, former General Manager of Lanka Tiles Ltd and a former Chairman of the Ceylon National Chamber of Industries among others. Dr. Perera is currently a director of Piramal Glass (Ceylon) PLC and a Council Member of Japan Lanka Industrial Development Corporation.

Dr. Perera holds a PhD and a BSc (Hons) from UK and also holds a BSc (Ceylon) and is a Fellow of the Institute of Metals, Materials and Mining (UK).

Senior and Middle Management Team



Mahinda Saranapala
Chief Executive Officer



Hemamala Karunasekara
Chief Financial Officer



Anil Munasinghe
General Manager – Marketing



Upul Mahanama
General Manager – Operations



Abhaya Ranawaka
Manager - Projects & Engineering



Devinda Lorensuhewa
Marketing Manager Exports



Palitha Ethulgama
Marketing Manager Projects



Sajeewa De Zoysa
Manager Procurement



Gihan Wijerathne
Manager - Plant 1



Namalke Ekanayake
Manager - Plant 3



Shyama Perera
Manager Technical Service



Kumara Withanarachchi
IT Manager



Narmal De Zylva
Stores Manager



Ralph Rajasundaram
Sales Controller



Rohana Wadduwage
Sales Manager (Power & Energy Sector)



Channa Jayasinghe
Manager - Brand Development



Asela Jayatillaka
Accountant



Gihan Vidanagama
Manager - Human Resources



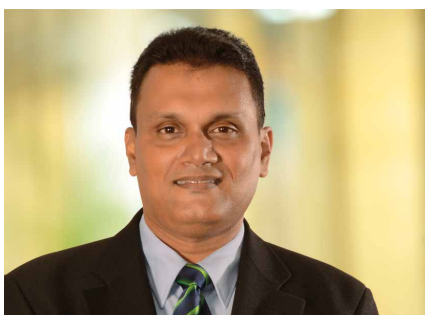
Sagara Balasuriya
Manager - Transport



Chaminda Waidyathillake
Sales Manager Distribution



Chinthaka Fernando
Asst. Manager - Quality Assurance



Ajantha Yainna
Sales Manager (Lighting)



Pradeep Roshantha
Asst. Manager - Plant 2

Business Review and Marketing Strategy

Business Review

In a challenging year with changes in several macro environmental factors, your company continued to strengthen the Kelani brand which is today a household name in Sri Lanka.

To further differentiate the Kelani brand and to strengthen the brand positioning, an integrated marketing strategy was executed, which improved brand equity. Competitors continued to adopt the strategy of heavy price discounting but our strategy was to offer customers and consumers an excellent value proposition in terms of product quality, service quality, quick and personalized service and innovative products.

A stake holder approach was implemented in line with a triple bottom line focus to build and strengthen our relationships for mutual benefits.

Marketing Strategy

An integrated marketing strategy was adopted to achieve the following objectives.

- To further increase brand revenue and profits
- To consolidate the market leadership position in the domestic cable industry
- To further enhance top-of-the-mind brand awareness and recall
- To further enhance brand equity and strengthen the brand positioning

We are happy to state that the integrated marketing strategy has made the Kelani brand a powerful force in the extremely competitive cable industry. The top line and bottom line results are ample testimony to this fact.



The pillars of the marketing strategy were the products, brand, quality and after sales service. These elements were given continuous focus at all times, during the year under review.

Market Segments

Our marketing strategy targets four main segments.

Projects

Continued infrastructure development initiated by the government, had a very positive impact on this segment and it is expected that this trend will continue in the years ahead.

In keeping with the segmental growth, the projects team was further restructured to provide greater customer focus and quick response to customer inquiries. Decision making has been further decentralized and team leaders empowered operationally. The support staff at the Projects division was strengthened, in order to provide the sales team greater mobility and flexibility.

The project market segment recorded excellent growth during the year under review, due to dynamic selling, world class service, customized product solutions, excellent product quality and strong relationship building initiatives.

During the year under review, a “Kelani Knowledge Forum” was conducted, which further enhanced the stature of the Kelani corporate brand amongst Consultants, Engineers and Contractors. Several customer visits were also facilitated to the factory, which no doubt helped to build relationships.

Cable related accessories were introduced to the market through the projects division thereby, offering a total cable solution to customers.

Exports

During the year under review, exports achieved significant growth with regular shipments to several markets. The Kelani brand is now a powerful force in the Maldives and several initiatives were taken to strengthen brand equity. Taxi branding was increased from two vehicles to four. Participation in several exhibitions and poster campaigns were conducted as well. Kelani also won one of the biggest tenders in the Maldives and completed the supply. All the

above efforts resulted in a remarkable growth in exports to the Maldivian market.

"Kelani" has now become a well-accepted brand in Bangladesh as a result of several initiatives taken. Regular shipments continue to Bangladesh and arrangements made to establish a liaison office. Your company is confident that the Bangladesh market will continue to perform exceptionally well, in the years ahead.

Seychelles is the newest overseas market the company has focused on. As a result of initiatives taken, your company has been able to effect direct shipments to Seychelles. Further steps to develop exports to Seychelles is being planned and positive results expected.



Power and Energy

A dedicated team continues to serve this segment and excellent results were achieved during the year under review. The rapid electrification of the country will no doubt provide continuous opportunities to increase revenue in this segment.

Distribution

This segment performed consistently well during the year under review despite challenging market conditions. Product availability was improved and the productivity of the sales team was also increased.

A sales force automation system was introduced island wide and this helped to improve distribution efficiency.

Kelani distribution sales team is a highly motivated, dedicated and well trained team supported by a fully-fledged sales management team and reliable distributor network.

The brand visibility was improved dramatically within retail outlets and the outdoor brand visibility campaign was supported by an aggressive mass media advertising campaigns, which no doubt increased brand awareness and recall levels.

Lighting Division

In the year under review the lighting range was further expanded under the Kelani brand. Distribution of this product range covers retail, modern and institutional channels. The results to date have been very encouraging and consumers have accepted the Kelani brand in terms of quality and durability.

Several new products under the lighting portfolio will be introduced in the near future.

Brand Building

Your company continued to invest significantly in building the Kelani brand and enhancing brand equity. As in the past years a combination of strategic and tactical brand building initiatives were conducted throughout the year. These initiatives have resulted in a dramatic increase in consumer and dealer loyalty. The Kelani brand continues to be positioned on a safety platform at all times.

Internal Marketing

The employees of Kelani Cables are the company's most effective brand ambassadors and several initiatives continue to be taken to make employees feel appreciated and to encourage them to promote the Kelani brand. We at Kelani Cables believe that happy employees create happy customers.

Customer Service And Retention

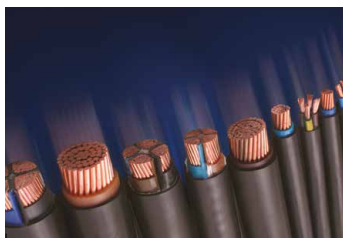
The backbone of your company's marketing strategy is excellent customer service. Therefore, customer service is given the highest priority and every effort is made to satisfy customer requirements and even to exceed them. Frequent customer feedback is obtained and service standards are specified accordingly.

Product Portfolio



Bare conductors

All Aluminium Conductors (AAC) and Aluminium Conductors Steel Reinforced (ACSR), up to 400 (mm²) manufactured to BS 215 and ASTM.



Armoured and Unarmoured Power Cables

Copper conductors with PVC or XLPE insulated steel wire armoured and PVC sheathed designated as armoured cables. Copper conductors with PVC or XLPE insulated and PVC sheathed designated as unarmoured cables. Manufactured to BS 6346 and BS 5467 to a voltage rating of 600/1000V.



Kelani Welding Cables

High conductivity bare copper flexible conductors, with a covering that consists of two layers with specially developed flexible Elastomer. Outer layer is Orange or Black with a Orange strip.



House & Building Wires

Copper conductors with PVC insulated with or without sheathed. Manufactured to BS 6004 to a voltage ratings of 450/750V and 300/500V.



Kelani Lead Free Submersible Pump Cables

Kelani Submersible Pump Cables are manufactured with lead free PVC compound which is resistant to water and oil. High flexibility is guaranteed and manufactured to BS and IS standards.



TV Down Leads/ RG Series

Annealed copper conductors with polyethylene insulated and copper braided and PVC sheathed. Co-axial and RG cables, manufactured to JIS, MIL and BELDON standards. Categories are, 3C-2V, 5C-2V, RG 6, RG 11A/U, RG 58B/U, RG 59B/U and RG 213/U.



Control Cables

Multiple conductor cable with PVC insulated and PVC sheathed. Number of cores range from 5 to 48. Manufactured to BS 6346 to a voltage rating of 600/1000V. The cables can be armoured or unarmoured and either screened or unscreened.



Auto Cables

Flexible copper conductors with PVC insulation. Manufactured to SLS 412 and ISO 6722, to a voltage of 600V and to a temperature of 100°C.



Kelani Enamelled Winding Wires

Enamelled winding wires manufactured to IEC standards. The Company holds the prestigious UL Certification for the Dual Coated Enamelled winding wires (Keldual & Kelduale).



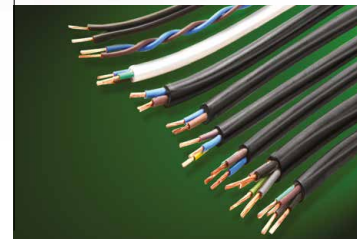
Aerial Bundled Conductor (ABC) Cables

Aluminium compacted conductors with XLPE insulation with or without messenger neutral core; manufactured to NF C 33-209 to a voltage rating of 600/1000V.



Screen Cables

Annealed copper conductors with PVC insulated, copper braided and PVC sheathed in multi core cables. Manufactured to BS 6500.



Flexible Cords

Flexible cords with Class 5 copper conductors and PVC insulated twisted twin, parallel twin & PVC insulated & sheathed circular multi core cables. Manufactured to BS 6004 & BS 6500 to a voltage rating of 300/500V and 300/300V

Product Portfolio



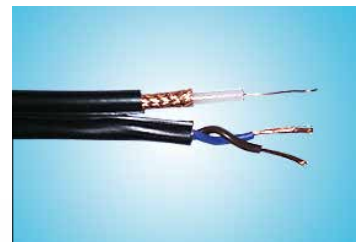
Iron Cables

High quality nylon braided flexible cords for electric iron & similar applications. It is specially designed with an inner cover to avoid damages to insulation cores. The cotton braiding and the insulation are special heat resistant type materials.



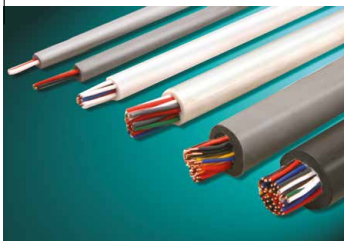
Speaker Cable

Flexible Tinned Copper conductor with special transparent PVC insulation available in several sizes such as AWG 10, AWG 12, AWG 16, AWG 18 and AWG 20. Speaker Cables are used for speaker applications in home theatre and audio systems.



Kelani CCTV Camera Cable

3C 2V Power Plus
3C 2V Coaxial cable with 0.5mm² two core (Twisted) power cable



Telephone Cables

Plain annealed copper conductors, PE insulated and PVC sheathed. Manufactured from single pair to 25 pair.



3 core & 4 Core with Reduced neutral

Cu conductor XLPE insulated & PVC sheathed, armoured and unarmoured cables. 4 core cables are with reduced neutral core conductor.



Trailer Cable

Cu conductor PVC Insulated/PVC sheathed Seven Core cable used for electrical connections between tractor and trailer unit.



Rosette Telephone Cable

Plain annealed copper conductors, PE insulated and PVC sheathed. This is a four core flat cable intended for use between rosette box and telephone.



Jumper/Booster Cable

Flexible Copper Conductor with a PVC Insulation, used for jump start of a dead battery of a vehicle.



Cables to Australia / New Zealand Market

Copper conductor, insulated & sheathed cables to AS/NZS 5000.



Solar Cable

Halogen Free UV resistant PV Solar Cables meet the requirement of international standard TUV 2pfG 1169/08-2007. Sizes available - 4mm², 6mm², 10mm²
Country of origin - Taiwan
Manufacturer - HONG TAI ELECTRIC INDUSTRIAL CO. LTD.



Cat 5e and Cat 6

UTP 4 pair 24 AWG CMX
Country of origin - Korea
Manufacturer - GAON CABLE CO., LTD.



Jelly Filled Cable

(RG 6) High quality 75 Ohms Coaxial cables with Jelly filled.
Country of origin - Korea
Manufacturer- GAON CABLE CO., LTD.

Sustainability Report



Sustainable business is profitable. In a world of scarcity, companies will need to consider their total return not just on assets but on resources. The new, more advanced version of corporate sustainability seeks to continue to ensure compliance with environmental standards and safeguard natural resources. Simultaneously, it seeks out new environmentally and socially-conscious sustainability solutions that minimize risks while delivering enhanced profitability through cost-reduction, improved resource-accessibility, marketing and recruiting benefits.

We celebrated World Environment day by planting trees in the company premises. The activity was a registered World Environment Day event of United Nations Environment Program (UNEP). Kelani Cables is an ISO 14001 certified company since 2010. Our commitment on environment has grown over the years and has benefitted the company in improved resource efficiency which has in return reduced emissions and wastes.





National Quality Week Celebrations

Based on our guiding principle on quality we recognize our customers as the reason for our existence and do our very best to obtain customer trust and satisfaction by providing quality and safe products that meet customer needs and standard requirements in a timely manner. Through the ISO-based quality management system, we strive to increase product quality, safety and reliability so that customers can use our product safely throughout the end of the lifecycle. Our tenure of 46 years as the leader in Quality products

is resulted from engraved feeling on quality in each and every employee. We continually strengthen our emphasis on quality through National Quality Award criteria, ISO 9001:2008 QMS, regular training and human development.

Kelani Cables CEO Mr. Mahinda Saranapala declared Kelani Quality week by hoisting the Kelani Quality Flag. Dr. Lalith Senaweera, Director General & CEO of Sri Lanka Standards Institute (SLSI) honoured us by his presence and he shared with us his insights on sustainable business model based on standardization. Several Seminars on Total



Sustainability Report

Quality Management was conducted for our employees during the quality week, with the help of Dr. Priyadarshani Thalgaswatte and Mr. Wasantha Meewaddana two former Deputy Director Generals of SLSI. Employees wore a symbolic badge during the quality week and they also took part in a poster competition on the topic of benefits of standardisation.

Kelani Cables recognised as a Responsible Care Organization

Responsible Care is a collective initiative by the global chemical industry in order to improve chemical handling practices and improve work place safety. National Cleaner Production Centre, is the authorised body in Sri Lanka to certify organizations for Responsible Care. Kelani Cables was authorised to use the Responsible Care logo after auditing the company's readiness for the Responsible Care requirements. As a signee to the initiative, Kelani Cables is committed to implement the Responsible Care Global Charter within the company.



Kelani Cables Environmental Policy

Kelani Cables PLC and its employees are committed to ensure the company's operations comply with all applicable environment related legal and other requirements. Kelani Cables PLC will continuously improve its environmental performance by reducing the impact and prevention of pollution through economically feasible and technologically practicable processes.

We will,

- Optimise the use of raw materials, water & energy.
- Minimize and control of all waste.
- Create awareness to all employees regarding their responsibilities to make a greener environment.

- Communicate our environmental policy to all employees, stakeholders and to the community.
- Abide by the responsible care guiding principles

Providing Learning Opportunity

Children are our future. To pass on to them a world worth living in is our obligation. And this is where we, as a company, have a contribution to make to greater sustainability. Because sustainable development for the benefit of the generations to come concerns us all.

We created awareness for over 1000 University students on ISO 14001 Environmental management systems and cleaner production and their practical application within Kelani Cables.



Our People

At Kelani Cables PLC, people are our most valuable asset. Their professionalism, proficiency and diversity have contributed significantly to our success. As a manufacturing organization providing employment to 473 personnel, Kelani Cables recognizes its responsibilities to its workforce in ensuring safe workplace with an enabling environment and culture for employees to reach their full potential, encouraging innovation and sound employer employee relations. KCL believes that such an environment would be a catalyst for world class performance bringing about competitive advantage through higher productivity, efficiency and customer focus.

Recruitment and Retention

The management adheres to formal policy frameworks to ensure consistent and fair treatment to all employees while abiding to the country's labour laws and regulations. Our partnerships and collaborations with universities and technical institutions, allows for the Company to attract some of the best talent whilst offering students opportunities to intern at the Company.

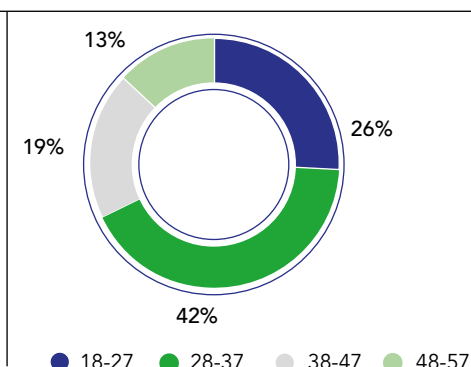
Training & Development

At Kelani Cables, we are committed to developing our people. Over the years we have strategically focused on creating a dynamic work culture where people enjoy their work and feel proud to be a part of the Company. We

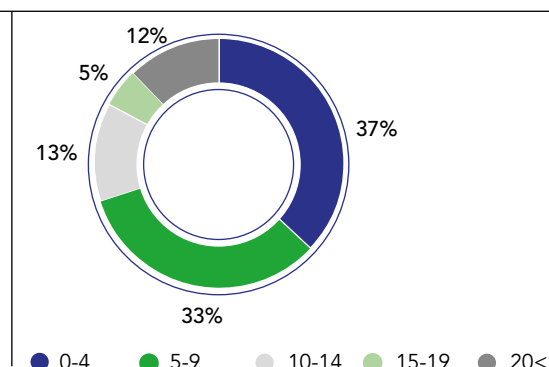
continue to engage with our employees to help them focus on a result oriented culture and understand that achieving corporate goals is the key driver of career growth.

Employee Training and development policy pursuance that the Company positively supports training and development. Company provided to address the competency gaps identified at the annual performance appraisals. These activities range from in-house training programs, External Training Programs and Technical competencies with emphasis on business and customer related issues. We encourage employees to pursue self-development under our "Education Assistance" scheme. We also monitor the effectiveness of all training programmes on an ongoing basis.

Age Analysis of Employees



Service Analysis of Employees



Sustainability Report

Managers were sent to special training on KRAs & KPIs to set next year objectives. Field staff of Sales & Marketing attend Out Bound Training for team building & Customer focusing. Several programmes were conducted on 5S, ISO, Quality Management, Customer focus training, Personal Development trainings etc.

We also started a Guest Speaker Program in this year to share the best practices in other organizations. High calibre professionals address the Management and Executive staff of Kelani Cables once a month.

Occupational Health and Safety

With the majority of our workforce based at our manufacturing plants, occupational health and safety remains a key concern for Kelani Cables PLC. Our occupational health and safety mechanism is a preventive measure that aims to minimize the risk of accidents and injuries, as well as reduce the risk of occupational illness that may arise as a result of our business. Underpinned by the "Safety First" philosophy, we adopt a top-down approach, where safety concepts are initiated by the Safety Committee and cascade down to all levels of the factory floor.

Alongside the practical measures taken to improve safety standards, we make a concerted effort to increase employee awareness to help them understand their responsibilities regarding occupational health and safety. Our aim is to transform employee mindset in such a manner that they concern themselves not only with their own personal safety but also with that of their colleagues. Several Training programs were held during the year, in

connection with safety aspects. Some of were First Aid training for First Aid Team, Fire Training for Fire Team, Occupational Health and Safety programs for all employees and Defensive Driving training session for all the Drivers.

Creating a Healthy "Work – Life" Balance

We are focused on engaging employees and creating a dynamic, team oriented workforce. The Company engages in non-work related activities to foster fellowship amongst its employees and nurture company loyalty. Such programmes include Annual Avurudu Festival, Employees' Day, Christmas Party and New Year Celebrations. Apart from this, employees' and their family members also participated in events coordinated by the Company annually.

The Welfare Society also organized an Annual Drama event as our fund raising project, and supported a series of welfare activities including the renovation of houses for needy employees, donation of funds to employees in instances of critical illnesses and providing financial support to the employees' children for their education. Furthermore, children of employees who excelled at GCE Ordinary Level and Advanced Level examinations and gained entry to Universities were awarded scholarships. It also provides financial assistance to the employees' at the time of a death of a family member, marriage and donations for children for their education. This year also Welfare Society organized the Medical Campaign for all employees in collaboration with the Royal College Doctors Association.

The Joint Consultation Council is creating an excellent opportunity to discuss matters relating to productivity,





value addition, working practices and operational issues. Here, committee members can raise any issue on behalf of their department, and the forum provides an ideal environment to take appropriate action to resolve issues, maintain transparency, build trust, and ensure harmony in the workplace.

We publish a newsletter "Kelani Sanhinda" bi-annually in Sinhala which contains highlights of company activities. Kelani Cables Cricket Team participated in the annual mercantile cricket tournament every year.

Employee Recognition

The CEO's Award which was launched in 2012 seeks to recognize and reward exceptional individuals in the sales and marketing divisions. The awards recognize outstanding work, development and successful implementation of projects and work performance.

The Kaizen Programme is another recognize and reward programme plays an essential role in building a culture



of continuous improvement, a culture of innovation and creativity.

Way Forward

Over the years, human resource initiatives taken have been instrumental in building and sustaining a great team of employees who are ready to act on today's opportunities for a better tomorrow. We will continue to adopt focused human resources strategies that satisfy the needs of employees whilst achieving company objectives.



Sustainability Report

Community Engagement

Our approach towards engaging with the communities we operate in is based on meaningful and active collaboration, participation and dialogue which results in mutually beneficial relationships. The community engagement projects initiated by Kelani Cables helps in forming strong links with the local communities, enhancing corporate reputation and competitiveness, retaining employees and contributing towards the economic and social development of people.

Kelani Saviya

For the 8th consecutive year, our unique initiative "Kelani Saviya" - set up to promote professionalism in the electricians' occupation, was conducted under the patronage of Vice Chancellor, University of Peradeniya, Prof. S.B.S. Abeykoon, one of the key founders of the programme. During the year under review, the seventh batch was commenced with 50 students. The key objective of this program is to persuade youth to achieve high standards in their chosen vocation as electrician and gain social recognition, as well as better career stability and prospects. Set up in 2007, the course has registered 350 students from across the island to date, with over 200 achieving the required goals and completing all three levels to obtain full qualification.



Kelani Shakthi

Furthermore, we have extended the above program to the Northern Province with the name of "Kelani Shakthi" in collaboration with the University of Jaffna. The inauguration day of "Kelani Shakthi" was in February 2015 at the Engineering Faculty of University of Jaffna, situated at Killinochchi.

Apart from the above, our Sales Engineers hosted knowledge sharing seminars for electrical contractors, the Sri Lanka Navy as well as students from vocational and technical colleges.

Kelani Electricians' Club

Our pioneering effort towards raising the standards of electricians, both professionally and socially, completed



another successful year conducting 23 seminars throughout the country with over 100 participants attending each seminar. These covered the area of usage, safety and conservation of electricity.

Scholarship Program

Scholarship programs for school children are being awarded by your company and it is continued till their advanced level exam. 34 scholarships were awarded to children of electricians who have successfully passed the Grade 5 scholarship, in keeping with the club's objective of raising the profile of electricians and helping to uplift their social standards. The insurance scheme for electricians is also continued for another year and claims are coordinated to support and provide assurance to their families.

Motor Winders

The company continued to build and support the motor winders, through various activities in order to help them to keep their profession alive.

Empowerment of Community

Driven by a deeper understanding of the impediments that limit the progress of society, we strived to transmit ongoing social development as a means of nurturing individuals and investing the communities they live in. As a systematic and structured intervention, these community development initiatives were meant to empower communities with the tools required to better manage their livelihoods. By providing the necessary resources in order to help enhance

the abilities and capabilities of developing communities, we promote social inclusion in the longer term. Moreover, by creating a comparative platform for progress, these steps also aim to minimize societal inequalities and open the gateway for continuous growth.

In the long dry spell around the country over one million people have been affected by severe drought. As this severe drought has destroyed their crops and cultivated lands, there was an urgent need to supply them with essential food items. The Management and staff of Kelani Cables have taken a decision to support the families by providing dry ration packs and water to families who live in Polonnaruwa area. We identified several locations in Polonnaruwa with the support of the Police and catered to this need.

Kelani has donated hospital equipment to CCC Homes, which is a 188 bed transit home for cancer outpatients and their Carers. Situated inside the premises of the Cancer Institute, it allows outpatients easy access to their treatment. CCC Home provides a safe and comfortable environment to ensure outpatients have a fighting chance for a speedy recovery.

Serving the community where we work, several projects have been identified. Kiribathgoda Hospital is one of the rural hospitals in this area and Kelani has made arrangements to re-organize and upgrade their electrical system.



Risk Management

Kelani Cables PLC has given due consideration to its risk identification, assessment and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. An effective risk management framework helps the company in its attempts to achieve the optimum trade-off between risks and return. Company is exposed to broad array of risks and which are based on the current economic and external factors. Risks arise in all our business activities cannot be completely eliminated, however we work to manage risks in our internal control environment. Once the risks pertaining to a particular business environment are identified, strategies for managing them are formulated.

These identified risks and mitigation action plans are discussed at the regular Audit Committee meetings and implemented with the guidance of the Committee. In

addition during the year end audits a management letter is issued by the external auditors and inform the board of directors the outcomes of these evaluations.

Internal Control systems that include policies and standard operating procedures to ensure achievement of Company objectives of efficient business operation, safeguarding of assets, prevention of fraud and errors, the accuracy and completeness of accounting records, compliance to laws and regulations and timely recording of all transactions, timely preparation of reliable information are achieved are in place and forms part of the Risk Management process of the Company.

The risks identified by the Company and strategies and mitigating actions are discussed and analysed below.

Risk category and Description	Potential Impact	Strategies and Mitigating Actions
Business/ Market Risk The performance of the Company could be adversely affected due to intense competition, unfavourable economic conditions and new entrants	Reduction in fair share of market and loss of revenue Adverse impact on planned profitability and cash flow	<ul style="list-style-type: none"> Company closely monitors competitor activities and strategies. This includes review of market share of competitors' and performance where necessary new strategies are formulated or existing strategies are revised to counter the actions of competitors. Strengthen market position by improving brand image and ensuring availability of the products in various parts of the country. Reduce dependency on one segment by balancing the focus to other segments to create more revenues.
Fraud Risk	Losses arising from fraud, illegal acts, unauthorised acts and any or all of which could lead to financial loss and reputation	<ul style="list-style-type: none"> Strengthen an ethical culture and also to improve the effectiveness of internal controls. Conduct periodic internal audit reviews by an independent firm of Chartered Accountants and report to the quarterly Audit Committee meetings to monitor the reporting status coupled with monthly Board meetings which supervise the financial status of the Company and the integrity of employees are held.
Human Resource Risk	Impact on business competitiveness due to difficulties in recruiting/ retaining required talent	<ul style="list-style-type: none"> Effective communication lines are developed in the company's culture to foster good employer employee relationships. Regular training programs are carried out in order to infuse motivation, commitment and empowerment among the staff. Career planning and performance based reward systems. Maintain healthy and cordial relationship with employees at all levels through joint consultative committees and welfare activities.

Risk category and Description	Potential Impact	Strategies and Mitigating Actions
Asset Risk	Potential losses that may be caused due to machine breakdowns and damages from fire, flood or theft	<ul style="list-style-type: none"> • Obtain comprehensive insurance covers for plant, machinery and inventory. • Carry out planned preventive maintenance programs at regular intervals. • Maintain firefighting equipment within standards. • Upkeep security precautionary systems.
Technological and Quality related risk	Possibility of products or processes being outdated or obsolete due to advanced technology	<ul style="list-style-type: none"> • Manufacture products conform to latest national and international standards. • Keep pace with current technological developments in the industry. • Upgrade knowledge of technical staff through international exhibitions, trainings and seminars. • Obtain national and international product certifications to ensure quality and safety. • Ensure strong supplier and customer relationship to meet customers changing requirements and suppliers new developments.
Inventory Risk	Risk of carrying Finished Goods inventory that is not saleable, raw materials or Work in Progress inventory that is not usable or obsolete	<ul style="list-style-type: none"> • Conduct regular planning meetings to plan production in line with sales demand in order to reduce low demand items made for stock. • Ensure required quality standards are met at all stages of inventory to verify quality and maintain until the product is delivered.
IT Systems Failure Risk	Risk of IT hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fire, cyclones or floods.	<ul style="list-style-type: none"> • System backups are taken stored in remote locations. • Software are regularly upgraded. • System is regularly monitored to identify hardware failures while life cycle performance of hardware is checked and hardware are replaced if there is necessity. • Latest anti-virus and anti-spyware protection are installed. • Communication connectivity failures are promptly informed to service providers and being followed up. • Maintain vendor agreements for support services and maintenance.
Environmental Risk	Risks associated with environmental emissions and the related risks due to regulations, perceived threats etc.	<ul style="list-style-type: none"> • Ensuring compliance to applicable legal and other requirements • Setting environmental objectives, targets and programs to mitigate the environment impact. • Independent review and monitoring of internal control systems and monitoring/ measurement of environmental performance. • Educating staff on emergency preparedness. • Practicing the 3R concept: reduce, reuse and recycle of resources. • Disposing of waste in the best possible environmental friendly way.

Risk Management

Risk category and Description	Potential Impact	Strategies and Mitigating Actions
Safety Risk	Adverse impact on business processes due to hazards, accidents or injuries to employees	<ul style="list-style-type: none"> • Implementation and regular monitoring of Health, Safety and Environmental policies. • Conduct training/awareness programs to educate employees.
Liquidity and Credit Risk	Risk of not being able to generate sufficient funds to meet its financial commitments in a timely manner	<ul style="list-style-type: none"> • Working capital management is reviewed periodically to ensure cash flow alignment. • Trade cycles are analysed with a view to generating liquidity from operations and thereby mitigating liquidity risk. • Credit risks are assessed, credit limits are set and credit granted is closely monitored. • Effective business specific credit policies. • Bank guarantees are obtained to reduce credit exposure. • Export credit is backed by letter of credits or on cash basis in order to minimize inherent risks.
Foreign Exchange Rate Risk	Reduction in revenue and profitability	<ul style="list-style-type: none"> • Transacting revenue in strong currencies. • Matching payments to collection of the same currency. • Managing the risk by continuous monitoring of the exchange rate fluctuations.

Corporate Governance

The Board of Directors of Kelani Cables PLC is committed to meeting high standards of Corporate Governance. The Company firmly believes that the professionalism, integrity and commitment of its Board members and employees, supported by a sound system of policies, practices and internal controls are prime concerns that will sustain long term value and returns for its shareholders.

In pursuit of achieving high standard of Corporate Governance the Board ensures the compliance of the regulations set out in the Listing Rules of the Colombo

Stock Exchange (CSE), the Code of Ethics jointly issued by the Securities and Exchange Commission (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 7 of 2007 of Sri Lanka (Companies Act).

The table below demonstrates the manner and the extent to which the Kelani Cables PLC adheres to the Code of Best Practice on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

Code of Best Practice on Corporate Governance & Principle Reference	Company's Adherence
---	---------------------

A Directors

A.1 The Board

Kelani Cables PLC is headed by an effective Board of Directors with wide array of experience and comprises of the Chairman, Deputy Chairman and three Directors. As evident from the profiles of Board of Directors, Kelani Cables PLC Board comprise of professionals as well as entrepreneurs who have many years of experience in the corporate world. The Board gives leadership in setting the strategic direction and establishing a sound control framework and is accountable for the governance of the Company. The Board's composition reflects sound balance of independence and anchors shareholder commitment.

A.1.1 Holding of Regular Board Meetings

The Board meets once a month to review the performance of the Company and take strategic decisions. Scheduled Board meetings and Committee meetings were arranged well in advance and all the Directors were expected to attend each Board meeting. Any instance of non-attendance at Board meetings were generally related to prior business, personal commitments or illness. Details of the meetings and attendance of the members are given on page 43.

A.1.2 Role of the Board

The Board is responsible for the formulation and implementation of sound business strategies and is responsible to ensure that the Company adheres to the relevant laws and regulations of the country, regulatory authorities, professional institutes and trade associations. The Board is responsible for-

- Deciding, formulating, implementation and review business strategy.
- Ensure effectiveness of the systems to secure integrity of the information, internal controls and risk management.
- Ensure compliance with legal & regulatory requirements and ethics.
- Deciding and approval of investments and divestments.
- Ensure all stake holder interests are considered in corporate decisions.
- Approval of Budgets, corporate plans and annual Financial Statements for publication.
- Effective implementation of senior management succession strategy.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulations.

Corporate Governance

Code of Best Practice on Corporate Governance & Principle Reference	Company's Adherence
A.1.3 Compliance with Laws of the Country as applicable to the business and procedure to obtain independent professional advice	Complied. Board obtains professional advice when required at the expense of the Company. During the year professional advice was sought on legal, accounting, property valuation and actuarial valuation etc.
A.1.4 Company Secretary	The Directors have access to the services of the Company Secretary. The Company Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with.
A.1.5 Independent Judgment of Directors	Directors are required to bring an independent judgment to bear on decisions of the Company. The Board promotes an environment whereby contributions from the Non-Executive Directors are welcomed and encouraged. The Directors are not a party to any decisions made on areas of personal interests and if any are required to be disclosed.
A.1.6 Dedication of Adequate Time and Effort by the Directors	Board meetings are held once a month. Sufficient time is dedicated at every meeting to ensure all responsibilities are discharged satisfactorily. Timely information are provided before a meeting with a clear agenda with the Board papers. Directors dedicate adequate time before a meeting to review Board papers.
A.1.7 Training for the Directors	The Directors have not formulated a formalised plan for training.
A.2 Chairman and CEO	
There is a clear division of Responsibilities in conducting the business of the Board and the day-to-day operations in order to ensure a balance of power and authority. A clear division of responsibility is maintained between the Chairman and the Chief Executive Officer ensuring that the balance of power and authority is preserved.	
A.2.1 Decision to combine the role of Chairman and Chief Executive Officer	The positions of Chairman and Chief Executive Officer are separated.
A.3 Chairman's Role	
The Chairman is responsible for leading, directing and managing the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He ensures good governance and effective discharge of Board functions by the Board Members at all times and implementations of decisions taken.	
A.3.1 Conducting of Board Proceedings	<p>The Chairman will ensure,</p> <ul style="list-style-type: none"> • Effective participation of both Executive and Non- Executive Directors and views of directors are ascertained. • All Directors are encouraged to make an effective contribution. • The Board is in full control of the Company's state of affairs and make aware its obligations to shareholders and stakeholders. • Proper conduct of meetings, accuracy and timeliness of information and accurate minutes.
A.4 Financial Acumen	
The Board include directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters.	

Code of Best Practice on Corporate Governance & Principle Reference **Company's Adherence**

A.5 Board Balance

There should be a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking. The Board of Kelani Cables PLC comprises of two Non- Independent Executive Directors, two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

A.5.1	Presence of Non-Executive Directors	The Board comprises of three Non-Executive Directors and two Executive Directors.
A.5.2	Independent Non-Executive Directors	Two of the Non-Executive Directors are Independent and meet the minimum requirement prescribed.
A.5.3	Independence of the Non-Executive Directors	Complied
A.5.4	Annual declaration	Complied
A.5.5	Determination of the independence criteria	Complied
A.5.6	Appointment of an Alternate Director	No such appointment has arisen.
A.5.7	Senior Independent Director	No such appointments has arisen.
A.5.8	Confidential discussions with senior independent Director	No such appointments has arisen.
A.5.9	Chairman's meetings with the Non-Executive Directors	Chairman in an informal manner meets the Non- Executive Directors other than at the regular Board meetings and Audit Committee meetings.
A.5.10	Recording of concerns in Board meetings	Provision is available to record any issues in the minute book that could not be unanimously resolved.

A.6 Supply of Information

The code requires the Company's management to provide timely information to the Board in a form and of quality appropriate to enable it discharge its duties.

A.6.1	Provision of information to the Board with appropriate and timely information	Procedures exist to ensure that Directors receive timely information on monthly basis and a clear agenda and papers with guidance on contents. The Board papers are usually sent a week before and on urgent matters as early as possible.
A.6.2	Provision of information to Directors with adequate time to facilitate effective conduct of Board Meetings	Information provided covers the monthly accounts and comparison of performance against the Budget are discussed and remedial action taken when necessary. Senior Managers make presentations on the performance in their respective area. When the Board requests additional information which is also provided.

A.7 Appointments to the Board

There should be a formal and transparent procedure for the appointment of new Directors to the Board.

A.7.1	Availability of a Nomination Committee	The appointments to the Board is undertaken by the Board itself, taking into consideration the Board composition required and the strategic input required. This is done according to Articles of Association.
A.7.2	Assessment of Board composition	All Board appointments are informed to the SEC as per the existing regulations.

Corporate Governance

Code of Best Practice on Corporate Governance & Principle Reference	Company's Adherence
A.7.3 Disclosure of New Directors to Shareholders	A profile of the Directors' qualifications, experience and the other directorships are given on pages 14 to 15 of the Annual Report. New appointments were not made during the year.
A.8 Re-election of Directors	
All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.	
A.8.1 Non-Executive Directors should be appointed for specific terms, subject to re-election and to Companies Act provisions	In terms of the Articles of Association, all Directors are elected by the shareholders at the Annual General Meeting immediately after their appointment. Thereafter, each year one third of the Directors, other than the Managing Director retire by rotation.
A.8.2 Articles of Association of the Company, should provide for, all Directors including the Chairman of the Board to be subject to election by shareholders at the first opportunity after their appointment, and to be re-elected thereafter at intervals of no more than three years.	The Directors who hold office for a longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at AGM, immediately after their appointment, they have to come up for re-election in three years or shorter period. In terms of the Section 210 of the Companies Act No. 07 of 2007, Directors reaching the age of 70 years are recommended for re-election on a substantive motion by a shareholder. The profile details of the Directors who are subject to re-election at the forthcoming AGM are given in their profiles on pages 14 to 15 of the Annual Report.
A.9 Appraisal of Board Performance	
The Board should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	
A.9.1 The board should annually appraise itself in the key responsibilities	The Board carries a monthly follow up sheet on decisions made by it, and the time taken to implement it. This sheet is discussed every other meeting to self evaluate the Board.
A.9.2 The Board annually undertake a self-evaluation of itself and that of its committees	
A.9.3 Disclosure of performance evaluation criteria	
A.10 Disclosure of Information in Respect of Directors	
Details in respect of each Director should be disclosed in the Annual Report for information of the shareholders.	
A.10.1 Details in respect of Directors	Complied. Please refer page 14 to 15 of the Report for name, qualifications, brief profile, nature of expertise, names of other companies each director serves as a Director. Directors interests in contracts are given on pages 78 to 80 . Number of Board and Committee meetings held and attendance are given on pages 43 of this Report.
A.11 The Board should be required, at least annually, to assess the performance of the CEO	
A.11.1 Setting of Annual targets for the CEO	Complied.
A.11.2 Evaluation of performance by the Board each year	Complied.

B Directors' Remuneration

B.1 Remuneration Procedure

The Company should have a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.

B.1.1	Establishment of Remuneration Committee	Remuneration Committee of the parent company functions as the Remuneration Committee of the Company.
B.1.2	Composition of the Remuneration Committee	Details of the Remuneration Committee and the statement of Remuneration policy are provided in the page 47 of this Annual Report.
B.1.3	The members of the Remuneration committee	
B.1.4	Determination of the remuneration of the Non-Executive Directors	Non-Executive Directors of the Company are paid only a fee on a fixed basis for participation of monthly Board Meetings.
B.1.5	Consultation of the Chairman and/or CEO and access to professional advice	The Deputy Chairman in his role has covered up for the Chairman's consultations this year.

B.2 Level and Make-up of Remuneration

Level of remuneration of both executive and non-executive directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.

B.2.1, B.2.2, B.2.3, B.2.4, B.2.6, B.2.8	<p>Details of the Remuneration Committee and the statement of remuneration policy are provided in the Annual Report.</p> <p>Executive Directors of the Company have acted in an honorary capacity and no remuneration was paid to them during the year under review. The aggregate remuneration paid to Executive and Non-Executive Directors are disclosed on page 66 of this Report and this consist director's fees paid for attending Board Meetings.</p>
B.2.5	<p>Executive Share options</p> <p>The Company does not have an employee share option scheme.</p>
B.2.7	<p>Early termination of Executive Directors</p> <p>No provision is made.</p>
B.2.9	<p>Levels of Remuneration of Non-Executive Directors</p> <p>Non-Executive Directors are paid a monthly fee on a fixed basis for participation of Board meetings.</p>

B.3 Disclosure of Remuneration

B.3.1	The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.	Complied. The aggregate remuneration paid to Executive and Non-Executive Directors are disclosed on page 66 of this Report and this consist director's fees paid for attending Board Meetings.
-------	--	---

C Relationship with Shareholders

- C.1 Constructive use of the Annual General Meetings (AGM) and conduct of General Meetings and building up relationships with Shareholders. Company should always encourage participation of the shareholders and solicit the views.**

Corporate Governance

Code of Best Practice on Corporate Governance & Principle Reference	Company's Adherence
C.1.1 Use of proxy votes at the AGM	Complied
C.1.2 Separate resolution at the AGM on each substantially separate issue	Complied
C.1.3 Availability of Board Sub Committee Chairman at the AGM	Not been necessary at the last AGM's held.
C.1.4 Adequate Notice of AGM	As per the Companies Act No. 7 of 2007, the period of notice to be given to the shareholders is 15 days and complied.
C.1.5 Procedures governing voting at General Meetings	Procedure is given on the proxy form.

C.2 Communication with Shareholders

The Board should implement effective communication with shareholders.

C.2.1 A channel to disseminate timely information to shareholders	The Company uses many methods to disseminate information to the shareholders including the annual and quarterly financials, company publications, information sent to CSE etc.
C.2.2 & C.2.3 Disclosure of policy and methodology of communication and implementation	The Company will focus on open communication and fair disclosure and ensure timeliness and relevance of the information provided.
C.2.4 Disclosure of contact person for communication	Chief Executive Officer or Deputy Chairman.
C.2.5 Process to make the Directors' aware the issues and concerns of the shareholders and disclosing same	The Board will respond to all validly received shareholder correspondences and will direct the Company Secretary to send the response to the shareholder.
C.2.6 Person of contact for shareholder matters	Company Secretary and in the absence of him, the Chief Executive Officer or Deputy Chairman.
C.2.7 Disclosure process for responding to shareholder matters	Please refer comment given for C.2.5

C.3 Major and Material Transactions

Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net assets base of the Company.

C.3.1 Disclosure of Major Transactions	This will be practiced where relevant. The Company has not entered in to such transaction as per Section 85 of the Companies Act No. 7 of 2007 during the financial year 2014/15 other than what is disclosed in the Annual Report.
--	---

D Accountability and Audit

D.1 Financial Reporting

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

Code of Best Practice on Corporate Governance & Principle Reference

Company's Adherence

D.1.1 The Board's responsibility for statutory and regulatory reporting	The Company gives high priority to timely publication of annual and quarterly results with comprehensive details enabling the shareholders to make informed decisions. All publications comply with statutory requirements, procedures laid down by CSE and the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka.
D.1.2 Annual Report should contain a Declaration by the Directors	Annual Report of the Board of Directors on the Affairs of the Company is given on page 78 to 80.
D.1.3 Presenting a Statement setting out the Responsibilities of the Directors for Financial Statements and a Statement by the Auditors about their Reporting Responsibilities	The Statement of Directors' Responsibility for Financial Reporting is given on page 51. Independent Auditors' Report on the Financial Statements of the Company for the year ended 31st march 2015 is given on page 53.
D.1.4 Management Discussion and Analysis	This information is given under Chairman's and CEO's Reviews, Report of the Directors' and Business Review and Marketing Strategy.
D.1.5 Declaration by the Board on the Going Concern of the Company	This is given in the "Report of the Directors" on pages 48 to 50.
D.1.6 Summoning on AGM to notify the Shareholders if Net Assets fall below One-Half of the Shareholders' Funds	There has not been any such situation in the past. However, if such situation arises, an Extra General Meeting will be called for and shareholders will be notified.
D.1.7 Disclosure of related party transactions adequately and accurately	Please refer note 32 on pages 78 to 80 of this Annual Report for related party transactions.

D.2 Internal Controls

The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.

D.2.1 Reviewing the effectiveness of Internal Controls periodically by the Directors and reporting thereon to the Shareholders	The Board is responsible for the effectiveness of the internal controls. The effectiveness of the internal control system is periodically reviewed by the Audit Committee and major observations are reported to the Board. The internal audit function is carried out by Messrs. Ernst & Young Advisory Services (Pvt) Ltd.
D.2.2 Reviewing the need for internal audit function	The Board reviews the reports arising from internal audits and observations presented by the External Auditors Messrs. KPMG and monitors the progress of the Company by evaluating the actual results against the budgets.

D.3 Audit Committee

The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors. The Audit Committee among other functions reviews the operation and effectiveness of the internal control systems. The internal controls within the company are designed to provide reasonable assurance to the Directors and assist them to monitor the financial position of the Group. The Company ensures cordial relationship with the Internal Auditors Messrs. Ernst & Young Advisory Services (Pvt) Ltd and External Auditors, Messrs. KPMG.

Corporate Governance

Code of Best Practice on Corporate Governance & Principle Reference Company's Adherence

D.3.1	Composition of the Audit Committee	The Audit Committee comprises of two Independent Directors of the Company and the Chairman of the Parent Company Audit Committee act as the Chairman of the Committee. The CEO and the CFO attend the meetings on invitation.
D.3.2	Duties of the Audit Committee	The Report of the Audit Committee is given on page 46 of this Report.
D.3.3	Terms of Reference of the Audit Committee	Please refer the Audit Committee report given on page 46.
D.3.4	Disclosures of the Audit Committee	Complied

D.4 Code of Business Conduct & Ethics

The Companies must adopt a Code of Business Conduct & Ethics for directors and members of the senior management team and must promptly disclose any waivers of the Code for Directors or others.

D.4.1	Disclosure of Code of Business Conduct and Ethics.	Complied. The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka the Securities and Exchange Commission is adopted by the Directors who then ensure that the company employees behave ethically.
-------	--	---

D.5 Corporate Governance Disclosures

The Company should disclose the extent of adoption of best practice in Corporate Governance

D.5.1	Disclosure of Corporate Governance	Complied. Adhered to as per the Corporate Governance principals given in this report.
-------	------------------------------------	---

E Institutional Investors

E.1 Shareholder Voting

Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.

E.1.1	Communications with Shareholders	All shareholders are invited for AGM. Company uses Annual General meeting as an effective channel to create a dialogue between Directors' and the shareholders. All shareholders are welcome to express their opinion. The Quarterly and the Annual Financial Statements are mainly considered at the AGM.
-------	----------------------------------	--

E.2 Evaluation of Governance Disclosures

When evaluating Company's governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.

Institutional Investors	Institutional shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. The shareholders are provided with adequate information on the performance of the Company thereby encouraging them to analyse their investments adequately through CSE web site and other public announcements.
--------------------------------	---

F Other Investors

F.1 Investing/Divesting Decision

Individual shareholders	Individual shareholders, investing directly in shares of Companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.
-------------------------	--

Code of Best Practice on Corporate Governance & Principle Reference	Company's Adherence
---	---------------------

F.2 Individual shareholder voting	Complied.
-----------------------------------	-----------

G Sustainability Reporting

G.1 Principles of Sustainability Reporting

Sustainability reporting is the practice of recognizing, measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goals of sustainable development in the context of the overall business activities and strategy of the entity and directed to the target stakeholders. The following principles will serve the entities in maintaining policies and procedures to develop sustainable business environment and to make disclosures on sustainability.

G.1.1 Economic sustainability	Please refer pages 24 to 31 in this Report on Sustainability related initiatives.
G.1.2 The Environment	
G.1.3 Labour Practice	
G.1.4 Society	
G.1.5 Product Responsibility	
G.1.6 Stakeholder Identification, engagement and effective communication	
G.1.7 Sustainable reporting and disclosure should be formalize as part of the Company's reporting process.	

Board Attendance at Meetings

Name of the Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Executive Directors			
Mr. U.G.Madanayake - Chairman	12/12	-	-
Mr. Suren Madanayake - Deputy Chairman	12 /12	-	-
Non Executive Directors			
Mrs. N.C. Madanayake	8/12	-	-
Independent Non Executive Directors			
Dr. Bandula Perera	12 /12	3/4	-
Dr. Ranjith Cabral	11/12	2/4	-
Non Executive Directors of Holding Company			
Mr. Ajit Jayaratne	-	4/4	1/1
Mr. Rajiv Casie Chitty	-	-	1/1

Corporate Governance

The following table presents the Company's compliance with Section 7.10 of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange.

CSE Rule No.	Applicable Rule	Requirement	Company's Adherence
Board of Directors			
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors, whichever is higher.	Complied
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be independent.	Complied
7.10.2 (b)		Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format.	Complied
7.10.3 (a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report.	Complied
7.10.3 (b)		The basis for determining the independence of Non Executive Directors, if criteria for independence is not met.	Complied
7.10.3 (c)		A brief resume of each Director should be included in the Annual Report, including his area of expertise.	Complied
7.10.3 (d)		Upon appointment of a new Director a brief resume of the Director should be submitted to the Stock Exchange.	Complied
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of a minimum of two Independent Directors of Non-Executive Directors, a majority of whom shall be independent. The Chairmen of the Committee shall be a Non-Executive Director.	Complied Refer page 47
7.10.5 (b)	Functions	Committee shall recommend the remuneration payable to Executive Directors and the Chief Executive Officer or equivalent role.	Complied
7.10.5 (c)	Disclosure in Annual Report	Annual Report should set out the names of the members of the Committee, a Statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Complied
Audit Committee			
7.10.6 (a)	Composition	The Committee shall comprise of a minimum two Independent Directors or of Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Audit Committee shall be a Non-Executive Director. Unless otherwise determine by the Committee, the CEO and the CFO shall attend meetings. Chairman or one of the Committee member should be a member of a recognized professional accounting body.	Complied Refer page 46 The Audit Committee comprises of two Independent Directors of the Company and the Chairman of the Parent Company Audit Committee act as the Chairman of the Committee. The CEO and the CFO attend the meetings on invitation.

CSE Rule No.	Applicable Rule	Requirement	Company's Adherence
7.10.6 (b)	Functions	<p>Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the SLAS.</p> <p>Overseeing compliance with the financial reporting related regulations and requirements.</p> <p>Overseeing the process to ensure that internal controls and risk management are adequate.</p> <p>Assessing the independence and performance of the external auditors.</p> <p>Recommending to the Board the appointment, re-appointment and removal of the Auditors and approving their remuneration and terms of engagement.</p>	Complied
7.10.6 (c)	Disclosure in Annual Report	<p>The names of the members of the Audit Committee.</p> <p>The basis of determination of the independence of Auditors.</p> <p>A report of the Audit Committee setting out the manner of compliance.</p>	Complied

Audit Committee Report

The Audit Committee consists of the Chairman of the Audit Committee of the Parent Company and two Independent Non-Executive Directors of the Company, biographical details of whom are set out in pages 14 to 15 and 47.

- Mr. Ajit Jayaratne - Chairman of the Committee
- Dr. Bandula Perera - Member
- Dr. Ranjith Cabral - Member

The above members have significant recent and relevant financial experience as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Role

The primary role of the Audit Committee, which reports its findings to the Board of Directors, is to ensure the integrity of the financial reporting and audit processes and the maintenance of sound internal controls and risk management systems. The Committees' responsibilities include monitoring and reviewing the following:

- The integrity of the Group's financial statements and the significant reporting judgments contained in them.
- The activities and effectiveness of the internal audit function.
- The effectiveness of the Group's internal control and risk management systems.
- The appropriateness of the Group's relationship with the external auditors, including auditor independence, fees and provision of non-audit services.
- The effectiveness of the external audit process and making recommendations to the Board of Directors on the appointment of the external auditors.

In the performance of its duties, the Committee has independent access to the services of Internal Audit and to the External Auditors, and may obtain outside professional advice as necessary. Comprehensive briefing papers are circulated to Committee members in advance of each meeting and made available to other Directors.

Meetings and attendance

The Committee met on four occasions in 2014/2015 timed to coincide with the financial and reporting cycles of the Company. Members' attendance at these meetings is set out in the Corporate Governance Report. The Chairman, Deputy Chairman, Chief Executive Officer, Group Financial Controller and Chief Financial Officer are invited to attend meetings whenever required.

Financial Reporting

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2014/2015 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

External Auditors

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

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

The Audit Committee, having evaluated the performance of the external auditors, decided to recommend to the Board of Kelani Cables PLC, the re-appointment of Messrs. KPMG, Chartered Accountants as auditors of the Company, subject to the approval of the Shareholders at the Annual General Meeting. Details of the fees payable to external auditors for 2014/2015 can be found in Note 7 to the Financial Statements.

Internal Control System

In 2014/2015 the Committee reviewed the results of the audits undertaken by Internal Auditors, Messrs. Ernst & Young Advisory Services (Pvt) Ltd., and considered the adequacy of Management's response to the matters raised, including the implementation of any recommendations made.

On behalf of the Committee

(Sgd.)

Mr. Ajit Jayaratne

Chairman of the Audit Committee

22 July 2015

Remuneration Committee Report

The Remuneration Committee of the parent company functions as the Remuneration Committee of Kelani Cables PLC. The Committee comprises of the two Independent Non-Executive Directors of the parent company, brief profiles of whom are set out below

Mr. Ajit Jayaratne – Chairman of the Committee

Mr. Ajit M. de S. Jayaratne had his education at Royal College, Colombo. He holds a B.Sc. (Economics) Degree from Southampton University and is a fellow member of the Institute of Chartered Accountants, England & Wales and also a fellow member of the Institute of Chartered Accountants, Sri Lanka. Mr. Jayaratne was the Chairman of Forbes & Walker Limited, The Colombo Stock Exchange, The Ceylon Chamber of Commerce and The Finance Commission. Mr. Jayaratne also served as the High Commissioner of Sri Lanka in Singapore. He is now a Director of Colombo Fort Land & Building Co. Ltd., C M Holdings PLC, Overseas Realty (Ceylon) PLC and C.W. Mackie PLC. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Rajiv Casie Chitty – Member

Mr. Rajiv Casie Chitty had his education at Royal College, Colombo. He became a fellow of the Association of Chartered Certified Accountants (ACCA), UK and Associate Member of the Chartered Institute of Management Accountants (CIMA), UK and a Chartered Financial Analyst, USA. He obtained his Masters in Economics from the University of Colombo and won the Janashakthi Gold at the 2006 CIMA Pinnacle Awards. Mr. Casie Chitty was appointed as a Director of ACL Cables PLC in November 2005. He is Chief Operating Officer of Commercial Credit & Finance PLC and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC, Kalamazoo Industries PLC and Office Equipment PLC. He is the immediate past President of the ACCA Sri Lanka panel.

The members of the Committee and the Chairman of the Committee shall be appointed from time to time by a resolution of the Board, from amongst the Non-Executive Directors. The Remuneration Committee formally met once in the last financial year.

Role

The role of the Committee is to formulate the Group's policy for the remuneration of the Executive Directors of Kelani Cables PLC and review the policy annually and recommend any changes to the Board for formal approval.

Executive Directors

Executive Directors of the Company have acted in an honorary capacity and no remuneration was paid to them.

In conclusion, my sincere thanks to Mr. Rajiv Casie Chitty, member of the Committee for his valuable contribution to the work of the Committee.

On behalf of the Committee

(Sgd.)

Mr. Ajit Jayaratne

Chairman of the Remuneration Committee

22 July 2015

Report of the Directors

Report of the Directors

The Directors have pleasure in presenting their 46th Annual Report of your Company together with the Audited Financial Statements for the year ended 31st March 2015.

Principal Activities

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

Review of Business

A review of the Company's performance during the financial year is given in the Chairman's Review (pages 6 to 9), Chief Executive Officer's Review (pages 10 to 13) and Business Review and Marketing Strategy on pages 18 to 19. These reports, which form an integral part of this report, together with the Audited Financial Statements, reflect the state of affairs of the Company and Investee.

Financial Statements and Auditors' Report

The Financial Statements duly signed by the Directors are provided on pages 54 to 86 and Auditors' Report on the Financial Statements is provided on page 53.

Accounting Policies

The accounting policies adopted in preparation of the Financial Statements are given on pages 58 to 65 of this report.

The institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which have become applicable for the financial period beginning on or after 1st January 2018.

Sri Lanka Accounting Standards SLFRS 9 "Financial Instruments"

Sri Lanka Accounting Standards SLFRS 15 "Revenue from Customers"

Dividends

The interim dividend of Rs.1/50 per share for the financial year ended 31st March 2014 amounting to Rs 32.7 Mn was

paid during the financial year on 18th August 2014. The Board of Directors, declared an Interim Dividend of Rs.3/00 per share for the year ended 31st March 2015 amounting to Rs. 65.4 Mn on 29th June 2015 and was paid on 20th July 2015.

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

Stated Capital

The stated capital of the Company as at 31st March 2015 is Rs. 218,000,000 comprising of 21,800,000 shares and was unchanged during the year.

Reserves

The movements during the year relating to Capital Reserves and General Reserves are disclosed in Notes 22 to 23 to the Financial Statements respectively.

Related Party Transactions

There were no related party transactions required to be disclosed under the Listing Rules of the Colombo Stock Exchange other than as disclosed under Note 32 to the Financial Statements.

Board of Directors

The Board of Directors of the Company consists of five Directors throughout the financial year and their profiles are given on pages 14 to 15.

The Director retiring by rotation in terms of Section 85 of Articles of Association will be Dr. Bandula Perera who being eligible in terms of Section 86 of Articles of Association, is recommended for re-election.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 51 of this Annual Report.

Donations

Donations made by the Company during the year amounted to Rs. 162,352/- (31st March 2014 Rs. 151,000/-).

Property, Plant and Equipment

The Land and Buildings of the Company were revalued in March 2015 by J. M. Senanayaka Bandara, B.sc (Estate Management and Valuation), Postgraduate Diploma (Land Settlement and Development), FIV (Sri Lanka), IRRV (Hons), United Kingdom an Independent Certified Valuer. Details of Land and Buildings with net book values with the details of Property, Plant and Equipment and their movements are given in Note 12 to the Financial Statements.

Investment Property

In accordance with LKAS 40, the net book value of property held for capital appreciation has been classified as Investment Property. The details of Investment Property are explained in Note 14 to the Financial Statements.

Investment in Equity Accounted Investee

The details of Investment in Equity Accounted Investee held as at the balance sheet date are given in Note 16 to the Financial Statements.

Corporate Governance

The Directors confirm that the Company is in compliance with the relevant rules on Corporate Governance contained in the Listing rules of the Colombo Stock Exchange. Corporate Governance practices and principles with respect to the management and operations of the Company are set out on pages 35 to 45 of this Report.

Risk Management

The details of the significant risks identified by the Company and strategies and actions adopted in managing those are set out on pages 32 to 34 of this Report.

Directorate

The Board of Directors of the Company are given below and the profiles are given on pages 14 to 15 of this Report.

Mr. U.G.Madanayake - Chairman

Mr. Suren Madanayake - Deputy Chairman

Mrs. N.C.Madanayake

Dr. Bandula Perera

Dr. Ranjith Cabral

Interest Register

The Interest Register is maintained by the Company, as per the Companies Act No. 7 of 2007. The Interest Register is available for inspection as required by the Companies Act at the registered office of the Company.

Directors' Interests in Contracts

Directors' interests in contracts of the Company are disclosed in Note 32 to the Financial Statements.

Directors' Remuneration

The two Executive Directors of the Company are Chairman and the Deputy Chairman who are also the Chairman and Managing Director respectively of the Holding Company ACL Cables PLC. They have acted in honorary capacity and the Company has not paid any remuneration to them during the year under review. However all the directors received fees for attending Board Meetings and the details are given in Note 7 to the Financial Statements.

Directors' Interest in Shares of the Company

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

As at 31st March	No. of Shares		% Holding	
	2015	2014	2015	2014
Mr. U.G.Madanayake	56,200	56,200	0.26	0.26
Mr. Suren Madanayake	61,000	61,000	0.28	0.28
Mrs. N.C.Madanayake	Nil	Nil	Nil	Nil
Dr. Bandula Perera	Nil	Nil	Nil	Nil
Dr. Ranjith Cabral	Nil	Nil	Nil	Nil

Report of the Directors

Statutory Payments

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

Events After the Reporting Date

There are no material post reporting date events which require adjustments or disclosure in the Financial Statements other than the interim dividend of Rs.3/00 per share for the year ended 31st March 2015 which was approved at the board meeting held on 29th June 2015.

Going Concern

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

Corporate Social Responsibility

The activities undertaken by the Company in recognition of its responsibility as a corporate citizen are disclosed on pages 24 to 31 of this Report.

Auditors

The Financial Statements for the period under review have been Audited by Messrs KPMG, Chartered Accountants. Rs. 556,500 has been paid as Audit Fee for the year ended 31st March 2015.

Auditors relationship with the Company

Fees paid for other services in the capacity of an Auditor were Rs.96,386. Messrs KPMG, Chartered Accountants do not have any other relationship (other than that of an

Auditor) with the Company or with the Associate Company. A Resolution to re-appoint Auditors, KPMG Chartered Accountants, and to authorize the Directors to determine their remuneration will be proposed at the Annual General meeting to be held on 26th August 2015.

The Report of the Independent Auditors' is given on page 53. The functions of the Audit Committee are given on page 46 of the Audit Committee Report.

Notice of Meeting

The Notice of Meeting of the Annual General Meeting is given on page 91 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

Colombo

22 July 2015

Directors' Responsibility for Financial Reporting

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

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

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

The Financial Statements presented in the Annual Report for the year ended 31st March 2015, have been prepared based on the new Sri Lanka Accounting Standards (SLFRSs/ LKASs) which came into effect for the financial periods commencing after 1st January 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Company and the Company and Investee are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Individual (Company and Investee) and Separate (Company) Statements of Financial Position as at 31st March 2015 and Statements of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2015 reflect true and fair view of the Company and Investee / Company respectively.

Approval of Financial Statements

The Directors' Report and the Financial Statements of the Company and Investee / Company were approved by the Board of Directors on 22 July 2015.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

Colombo

22 July 2015

Financial Statements

Independent Auditors' Report	53
Statement of Profit or Loss and other Comprehensive Income	54
Statement of Financial Position	55
Statement of Changes in Equity	56
Statement of Cashflow	57
Notes to the Financial Statements	58
Statement of Value Addition	87
Investors Information	88
Decade at a Glance	89
Glossary of Financial Terms	90
Notice of Meeting	91
Form of Proxy	Enclosed
Corporate Information	IBC

Independent Auditors' Report



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

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
+94 - 11 254 1249
+94 - 11 230 7345
Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF KELANI CABLES PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Kelani Cables PLC ("the Company") and the Company and its equity accounted investee ("Company and Investee"), which comprise the statement of financial position as at 31 March 2015, statements of profit or loss and other comprehensive income, changes in equity and, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 54 to 86 of this Annual Report.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company and Company and Investee as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion 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, and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS
22nd July 2015

Colombo, Sri Lanka

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA	S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA	Ms. B.K.D.T.N. Rodrigo ACA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 March,		Company and Investee		Company	
	Note	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revenue	5	6,204,431,337	5,231,769,357	6,204,431,337	5,231,769,357
Cost of sales		(5,181,504,994)	(4,365,329,874)	(5,181,504,994)	(4,365,329,874)
Gross profit		1,022,926,343	866,439,483	1,022,926,343	866,439,483
Other income	6	10,316,224	12,221,283	10,316,224	12,221,283
Change in fair value of investment property	14	78,000,000	-	78,000,000	-
Distribution expenses		(405,646,911)	(342,531,040)	(405,646,911)	(342,531,040)
Administrative expenses		(205,318,964)	(185,379,797)	(219,894,531)	(190,379,797)
Profit from operations	7	500,276,692	350,749,929	485,701,125	345,749,929
Net finance expenses	8	(44,448,391)	(22,175,493)	(44,448,391)	(22,175,493)
Share of loss on equity accounted investee net of taxes	16.1	(10,783,152)	(17,925,699)	-	-
Profit before tax		445,045,149	310,648,737	441,252,734	323,574,436
Income tax expense	9	(118,944,488)	(95,564,416)	(118,944,488)	(95,564,416)
Profit for the year		326,100,661	215,084,321	322,308,246	228,010,020
Other comprehensive income					
Actuarial gain/(loss) on defined benefit plans		1,141,622	(5,466,048)	1,141,622	(5,466,048)
Gain on PPE Revaluation		143,224,307	-	143,224,307	-
Equity accounted investee - share of OCI		11,220,930	-	-	-
Related tax		(31,284,470)	1,530,493	(31,284,470)	1,530,493
Total other comprehensive income for the year net of income tax		124,302,389	(3,935,555)	113,081,459	(3,935,555)
Total comprehensive income for the year		450,403,050	211,148,766	435,389,705	224,074,465
Earnings per share					
Basic earnings per share (Rs.)	10			14.78	10.46

The Notes to the Financial Statements from pages 58 to 86 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.


Statement of Financial Position

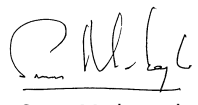
As at 31 March,	Note	Company and Investee		Company	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	714,178,892	588,800,067	714,178,892	588,800,067
Intangible assets	13	1,122,821	-	1,122,821	-
Investment property	14	208,000,000	130,000,000	208,000,000	130,000,000
Investment in equity accounted investee	16	10,847,068	10,409,290	11,578,667	26,154,234
Total Non-Current Assets		934,148,781	729,209,357	934,880,380	744,954,301
Current Assets					
Inventories	17	1,488,156,982	1,171,036,629	1,488,156,982	1,171,036,629
Trade and other receivables	18	1,818,431,915	1,310,114,204	1,818,431,915	1,310,114,204
Amount due from related companies	19	42,771,473	41,854,000	42,771,473	41,854,000
Value added tax recoverable		164,112,403	170,286,098	164,112,403	170,286,098
Deposits and prepayments		9,892,707	10,618,022	9,892,707	10,618,022
Cash and short term deposits	20	413,889,247	439,739,094	413,889,247	439,739,094
Total Current Assets		3,937,254,727	3,143,648,047	3,937,254,727	3,143,648,047
Total Assets		4,871,403,508	3,872,857,404	4,872,135,107	3,888,602,348
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	22	300,457,528	177,008,705	260,444,530	148,185,039
General reserves	23	431,136,000	431,136,000	431,136,000	431,136,000
Retained earnings	24	1,809,487,814	1,515,233,587	1,850,232,411	1,559,802,197
Total Equity		2,759,081,342	2,341,378,292	2,759,812,941	2,357,123,236
Non-Current Liabilities					
Employee benefits	25	76,305,731	68,073,624	76,305,731	68,073,624
Deferred tax liabilities	26	85,117,607	45,833,434	85,117,607	45,833,434
Interest bearing borrowings	27	55,841,000	77,841,000	55,841,000	77,841,000
Total Non-Current Liabilities		217,264,338	191,748,058	217,264,338	191,748,058
Current Liabilities					
Trade payable	28	965,229,132	821,201,132	965,229,132	821,201,132
Other payables	29	130,817,479	91,593,618	130,817,479	91,593,618
Current taxation	30	247,661,423	136,716,638	247,661,423	136,716,638
Unclaimed dividends	31	6,726,122	6,542,534	6,726,122	6,542,534
Interest bearing borrowings	27	24,000,000	18,000,000	24,000,000	18,000,000
Bank overdrafts and other short-term borrowings	20	520,623,672	265,677,132	520,623,672	265,677,132
Total Current Liabilities		1,895,057,828	1,339,731,054	1,895,057,828	1,339,731,054
Total Liabilities		2,112,322,166	1,531,479,112	2,112,322,166	1,531,479,112
Total Equity and Liabilities		4,871,403,508	3,872,857,404	4,872,135,107	3,888,602,348

The Notes to the Financial Statements from pages 58 to 86 form an integral part of these Financial Statements.
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.


Hemamala Karunasekara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved for and on behalf of the Board of Directors:


U. G. Madanayake
Chairman


Suren Madanayake
Deputy Chairman

22 July 2015
Colombo

Statement of Changes in Equity

For the year ended 31 March 2015

	Stated Capital Rs.	Capital Reserves Rs.	Company and Investee General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2013	218,000,000	177,008,705	431,136,000	1,336,784,821	2,162,929,526
Comprehensive Income for the year					
Profit for the year	-	-	-	215,084,321	215,084,321
Other comprehensive income for the year	-	-	-	(3,935,555)	(3,935,555)
Total Comprehensive Income for the year	-	-	-	211,148,766	211,148,766
Interim dividend - 2012/13	-	-	-	(32,700,000)	(32,700,000)
Balance as at 31st March 2014	218,000,000	177,008,705	431,136,000	1,515,233,587	2,341,378,292
Balance as at 1st April 2014	218,000,000	177,008,705	431,136,000	1,515,233,587	2,341,378,292
Comprehensive Income for the year					
Profit for the year	-	-	-	326,100,661	326,100,661
Other comprehensive income for the year	-	123,448,823	-	853,566	124,302,389
Total Comprehensive Income for the year	-	123,448,823	-	326,954,227	450,403,050
Interim dividend - 2013/14	-	-	-	(32,700,000)	(32,700,000)
Balance as at 31st March 2015	218,000,000	300,457,528	431,136,000	1,809,487,814	2,759,081,342

For the year ended 31 March 2015

	Stated Capital Rs.	Capital Reserves Rs.	Company General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2013	218,000,000	148,185,039	431,136,000	1,368,427,732	2,165,748,771
Comprehensive Income for the year					
Profit for the year	-	-	-	228,010,020	228,010,020
Other comprehensive income for the year	-	-	-	(3,935,555)	(3,935,555)
Total Comprehensive Income for the year	-	-	-	224,074,465	224,074,465
Interim dividend - 2012/13	-	-	-	(32,700,000)	(32,700,000)
Balance as at 31st March 2014	218,000,000	148,185,039	431,136,000	1,559,802,197	2,357,123,236
Balance as at 1st April 2014	218,000,000	148,185,039	431,136,000	1,559,802,197	2,357,123,236
Comprehensive Income for the year					
Profit for the year	-	-	-	322,308,246	322,308,246
Other comprehensive income for the year	-	112,259,491	-	821,968	113,081,459
Total Comprehensive Income for the year	-	112,259,491	-	323,130,214	435,389,705
Interim dividend - 2013/14	-	-	-	(32,700,000)	(32,700,000)
Balance as at 31st March 2015	218,000,000	260,444,530	431,136,000	1,850,232,411	2,759,812,941

The Notes to the Financial Statements from pages 58 to 86 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cashflow

For the year ended 31st March,	Company and Investee		Company	
	2015	2014	2015	2014
	Rs.	Rs.	Rs.	Rs.
Cash flow from operating activities				
Profit before taxation	445,045,149	310,648,737	441,252,734	323,574,436
Adjustments for:				
Share of loss from equity accounted investee (net of tax)	10,783,152	17,925,699	-	-
Provision for the fall in value in investment in associate	-	-	14,575,567	5,000,000
Interest income	(11,133,082)	(19,079,896)	(11,133,082)	(19,079,896)
Interest expense	50,880,053	41,255,389	50,880,053	41,255,389
Revaluation gain on investment property	(78,000,000)	-	(78,000,000)	-
Depreciation of property, plant and equipment	59,625,034	57,646,811	59,625,034	57,646,811
Amortization of intangible assets	950,078	-	950,078	-
Impairment of trade receivables	39,106,407	6,167,332	39,106,407	6,167,332
Impairment of obsolete inventories	4,468,711	10,635,154	4,468,711	10,635,154
Dividend income	(86)	(79)	(86)	(79)
Gain on disposal of property, plant and equipment	-	(22,321)	-	(22,321)
Provision for employee benefits	14,247,502	9,980,461	14,247,502	9,980,461
Operating profit before working capital changes	535,972,918	435,157,287	535,972,918	435,157,287
Changes in working capital				
Decrease/ (increase) in inventories	(321,589,064)	5,647,979	(321,589,064)	5,647,979
(Increase) in trade and other receivables	(547,424,118)	(238,110,765)	(547,424,118)	(238,110,765)
Decrease/ (increase) in amount due from related companies	(917,473)	545,788	(917,473)	545,788
Decrease in deposits and prepayments and VAT	6,899,010	(2,534,241)	6,899,010	(2,534,241)
Increase in trade payables	144,028,000	24,025,602	144,028,000	24,025,602
Increase in other payables	39,223,861	650,288	39,223,861	650,288
Cash (used in) / generated from operations	(143,806,866)	225,381,938	(143,806,866)	225,381,938
Gratuity paid	(4,873,773)	(4,476,023)	(4,873,773)	(4,476,023)
Current tax paid	-	(17,998,919)	-	(17,998,919)
Interest paid	(50,880,053)	(41,255,389)	(50,880,053)	(41,255,389)
Net cash (used in) / generated from operating activities	(199,560,692)	161,651,607	(199,560,692)	161,651,607
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	-	22,321	-	22,321
Acquisition of property, plant and equipment	(41,779,552)	(133,713,905)	(41,779,552)	(133,713,905)
Acquisition of intangible assets	(2,072,899)	-	(2,072,899)	-
Interest received	11,133,082	19,079,896	11,133,082	19,079,896
Dividend income	86	79	86	79
Net cash used in investing activities	(32,719,283)	(114,611,609)	(32,719,283)	(114,611,609)
Cash flow from financing activities				
Dividend paid	(32,516,412)	(31,610,140)	(32,516,412)	(31,610,140)
Loan (repayment)/obtained during the year	(16,000,000)	95,841,000	(16,000,000)	95,841,000
Net cash generated from/ (used in) financing activities	(48,516,412)	64,230,860	(48,516,412)	64,230,860
Net increase in cash and cash equivalents	(280,796,387)	111,270,858	(280,796,387)	111,270,858
Cash and cash equivalents at beginning of the year	174,061,962	62,791,104	174,061,962	62,791,104
Cash and cash equivalents at the end of the year (note 20)	(106,734,425)	174,061,962	(106,734,425)	174,061,962

The Notes to the Financial Statements from pages 58 to 86 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Kelani Cables PLC ("the Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company is No 60, Rodney Street, Colombo 08 and the principal place of business is situated at P. O. Box 14, Wewelduwa, Kelaniya.

The ordinary shares of the Company are listed in the Colombo Stock Exchange.

Subsidiary of the Company Kelani Electrical Accessories (Pvt) Limited which is a fully owned subsidiary, has been dormant since the cessation of operations in September 1995. The subsidiary has not been consolidated on the basis of materiality.

The results of the equity accounted investee ACL - Kelani Magnet Wire (Pvt) Limited have been reported in the Financial Statements under Company and Investee.

Ultimate Parent

Ultimate parent for the Company and controlling party is ACL Cables PLC, which is incorporated in Sri Lanka.

1.2. Principal Activities and Nature of Operations

The principal activities of the Company are manufacturing cables.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3. Number of Employees

The number of employees of the Company as at 31st March 2015 was 473 (2014 – 453)

1.4. Date of Authorization for Issue

The Financial Statements of the Company for the year ended 31st March 2015 were authorized for issue in accordance with a resolution of the Board of Directors on 22 July 2015.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of the Company have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments

being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- Freehold Land and building are measured at revalued amounts;
- The defined benefit liability is recognized as the present value of the defined benefit obligation, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses; and
- Investment property is measured at fair value

2.3 Comparative Figures

Where necessary, comparative figures have been rearranged to conform with the current year's presentation.

2.4 Functional and Presentation Currency

All values presented in the Financial Statements are in Sri Lankan Rupees (Rs.) unless otherwise indicated.

2.5 Use of Estimates and Judgments

The preparation of these Financial Statements in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

- Current taxation (Note 3.3 (a))
- Deferred taxation and utilization of tax losses (Note 3.3 (b))
- Measurement of Employee benefits (Note 3.13)
- Provisions and contingencies (Note 3.14 and 3.15)
- Impairment of assets (Note 3.11)

2.6 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

3.1 Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company 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 entity. The Financial Statements of subsidiary is included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases. Accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from the intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

Accounting for investment in subsidiaries

When separated financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Foreign Currency Translation

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3 Income Tax Expense

Income tax expenses comprise of current & deferred tax expenses recognized in the Statement of Profit or Loss and Other Comprehensive Income.

(a) Current Tax

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and amendments thereto.

(b) Deferred Tax

Deferred tax is provided on the balance sheet liability method for all temporary differences as at the reporting date between the tax bases of assets and liabilities and their carrying amounts of assets and liabilities for financial reporting purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purpose of the assets on which tax depreciation has been claimed and the net book value of such asset, offset by the provision for employee benefit which is deductible for tax purpose only on payment.

Deferred tax assets, including those related to temporary tax effect of income tax losses and credits available to be carried forward are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. 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 realized.

3.4 Events occurring after the Reporting date

The materiality of the events occurring after the reporting date have been considered and appropriate adjustments to or disclosure have been made in the financial statements where necessary.

ASSETS AND BASES OF VALUATION

Assets classified as current assets on the Statement of Financial Position are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the reporting date whichever is shorter. Assets other than the current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.5 Property, Plant and Equipment

a) Cost and Valuation

An item of Property, Plant & Equipment that qualifies for recognition as an asset is initially measured at its cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Notes to the Financial Statements

Cost Model

The Company applies the Cost model to all Property, Plant & Equipment except for land & buildings and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Company applies the Revaluation model for the entire class of Land & Buildings for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Building of the Company are revalued every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognized in Other Comprehensive Income and presented in Revaluation Reserve in equity or used to reverse a previous loss on revaluation of the same asset, which was charged to the Statement of Comprehensive Income. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in the Statement of Comprehensive Income or charged in Other Comprehensive Income and presented in Revaluation Reserve in equity only to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to Retained Earnings on retirement or disposal of the asset.

b) Derecognition

Items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or losses rising on derecognition of the asset is included in the statement of comprehensive income the year the asset is derecognised.

c) Subsequent cost

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul costs, is capitalized. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognized in the statement of comprehensive income as an expense as incurred.

d) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows.

Plant & Machinery	10 - 45 years
Buildings	25 years
Electrical Fittings	10 years
Office Equipment	10 years
Furniture & Fittings	10 years
Business Machines	5 years
Motor Vehicles	5 years
Software	1 year

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

e) Impairment of property, plant and equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

3.6 Intangible Assets

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply goods or other services, rental to others or for administrative purposes.

a) Basis of recognition

An intangible asset is initially recognized at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

b) Computer software

All computer software costs incurred, licensed for use by the Company and Associate, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future

economic benefits, are included in the Statement of financial position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

c) Amortization

Intangible assets with finite lives are amortized over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortized on a straight line basis in the Income Statement from the date on which the asset was available for use, over the best estimate of its useful life. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

d) Retirement and disposal

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.7 Investment Property

Properties held to earn rental income or properties held for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration, and is not intended for sale in the ordinary course of business have been classified as investment property. Investment properties are initially recognized at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflects market conditions as at reporting date.

Gains or losses arising from changes in fair value are included in the statement of comprehensive income in the year in which they arise.

Building of the Company classified as investment property is revalued every three years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the Reporting date.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the statement of comprehensive income in the year of retirement or disposal.

3.8 Investments in Associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating activities.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognized at cost. The cost of the investment includes transaction costs.

The Financial Statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting

policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee. Associate Companies of the Company which have been accounted for under the equity method of accounting are disclosed under Notes to these Financial Statements.

The Company's Associate has a common financial year end which ends on 31st March.

3.9 Inventories

Inventories are valued at lower of cost or net realizable value, after making due allowance for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and / or cost of conversion from their existing state to saleable condition.

The cost of each category of inventory is based on the following

Raw Material:

At actual cost of weighted average basis

Work - in - Progress :

At the actual cost of direct material, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.

Finished Goods :

At the actual cost of direct material, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.

Finished goods purchased :

At actual cost of weighted average basis

Goods in Transit :

At Actual cost

3.10 Financial Instruments

3.10.1 Non-derivative financial assets

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks

Notes to the Financial Statements

and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following loans and receivables as non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, including service concession receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.10.2 Amortised cost measurement

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.

3.10.3 Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Determination of Fair Value

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis or other valuation models.

3.11 Impairment of Assets

3.11.1 Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.11.2 Non-financial assets

The carrying amounts of the Company's non-financial assets such as inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in

use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognized in profit or loss.

LIABILITIES AND PROVISIONS

Liabilities classified as Current Liabilities on the Statement of financial position are those obligations payable on demand or within one year from the statement of financial position. Items classified as non current liabilities are those obligations, which expire beyond a period of one year from the Statement of financial position date.

All known liabilities have been accounted for in preparing the financial statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.12 Non-derivative financial liabilities

The Company initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Other liabilities

Other liabilities are stated at their cost.

3.13 Employee benefits

3.13.1 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.13.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in profit and loss when incurred.

Employee Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% respectively of the salary to EPF.

Employees Trust Fund

All employees of the Company are members of the Employees' Trust Fund (ETF). The Company contributes 3% of the salary of each employee to ETF.

3.13.3 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the Reporting Date. The defined benefit obligation is calculated by a qualified actuary as at the Reporting Date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long-term nature of the plans, such estimates are subject to significant uncertainty.

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

The liability is not externally funded nor actuarially valued.

Actuarial gains and losses

The Company recognised all actuarial gains and losses arising from defined benefit plans in Other Comprehensive Income.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.15 Contingencies and capital commitments

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of comprehensive income but are disclosed unless they are remote.

Notes to the Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

3.16 Revenue

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

The following specific criteria are used for the purpose of recognition of revenue.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognized when significant risks and rewards of ownership have been transferred to the customers.

Other Income

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on the disposal of property, plant and equipment and other noncurrent assets including investments have been accounted for in the assets.

3.17 Expenditure recognition

Operating Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of comprehensive income in arriving at the profit or loss for the year.

Finance income and expense

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Borrowing Cost

All borrowing costs are recognised as an expense in the period in which they are incurred except those that are

directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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.

3.18 Related party disclosure

Disclosures has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/ decisions of the other, irrespective of whether a price is charged.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.20 Cash flow statement

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4. NEW ACCOUNT IN STANDARDS

4.1 New standards adopted during the year

The following standards which were issued in the prior years, became effective during the year. Accordingly the Company has adopted these standard.

SLFRS 10 Consolidated Financial Statements	SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. SLFRS 10 did not impact as the Company does not prepare consolidate financial statements.
SLFRS 12 Disclosure of Interests in Other Entities	SLFRS 12 requires that an entity disclose information about significant judgments and assumptions it has made (and changes to those judgments and assumptions) in determining that it has control of another entity. The Company does not have any interest in unconsolidated structured entities. Interests in such entities require the disclosures under SLFRS 12.
SLFRS 13 Fair Value Measurement	SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The application of SLFRS 13 has not materially impacted the fair value measurements carried out by the Company.

4.2 Standards issued but not yet effective

A number of new standards and amendments to standards which have been issued but not yet effective as at the reporting date have not been applied in preparing these Financial Statements. Accordingly, these Accounting Standards have not been applied in preparing these financial statements.

Standards issued but not yet adopted which may have an impact

New or amended standard	Summary of the requirement	Possible impact on Consolidated financial statements
SLFRS 9 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective from 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9.

Standard issued but not yet adopted which may not have a significant impact

The following new or amended standard is not expected to have a significant impact of the Company's consolidated financial statements.

- SLFRS 15 Revenue from Contracts with Customers – effective from 01 January 2018

Standards issued but not yet adopted which is not expected to have an impact

The following new or amended standards are not expected to have an impact of the Company's financial statements.

- SLFRS 14 Regulatory Deferral Accounts – effective from 01 January 2016
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) – effective from 01 January 2016.

Notes to the Financial Statements

5. REVENUE

For the year ended 31st March,	Company and Investee / Company	
	2015	2014
	Rs.	Rs.
Manufacturing and fabrication	4,736,559,392	4,384,561,084
Export sales	981,627,972	650,922,812
Trading	486,243,973	196,285,461
	<u>6,204,431,337</u>	<u>5,231,769,357</u>

6. OTHER INCOME

For the year ended 31st March,	Company and Investee / Company	
	2015	2014
	Rs.	Rs.
Gain on disposal of property, plant and equipment	-	22,321
Dividend income	86	79
Scrap and sundry sales	9,341,953	11,359,203
Sundry income	974,185	839,680
	<u>10,316,224</u>	<u>12,221,283</u>

7. PROFIT FROM OPERATIONS

Profit from operations is stated after charging all expenses including the following.

For the year ended 31st March,	Company and Investee / Company	
	2015	2014
	Rs.	Rs.
Directors' fee	1,650,000	1,620,000
Audit and audit related services	652,886	750,937
Depreciation on property, plant and equipment	59,625,034	57,646,811
Amortization of intangible assets	950,078	-
Impairment of inventories	4,468,711	10,635,154
Inventory write off	8,662,410	2,418,087
Provision for impairment of trade and other receivables	39,106,407	6,167,332
Donations	162,352	151,000
Staff Costs - (Note 7.1)	427,667,737	383,021,840
Provision for the fall in value in investment in associate	14,575,567	5,000,000

7.1 Staff Cost

For the year ended 31st March,	Company and Investee / Company	
	2015	2014
	Rs.	Rs.
Defined contribution plan cost-EPF,ETF	26,448,768	23,621,613
Defined benefit plan cost-Retiring gratuity	14,247,502	9,980,461
Staff cost other than above	386,971,467	349,419,766
	<u>427,667,737</u>	<u>383,021,840</u>

8. NET FINANCE EXPENSES

For the year ended 31st March,	Company and Investee / Company	
	2015	2014
	Rs.	Rs.
Finance Income		
Net gain on translation of foreign currency	-	10,762,315
Interest from foreign currency deposits	7,526,770	4,405,211
Interest from local currency deposits	985,208	348,507
Interest Income from loans granted to Holding - Company	2,621,104	3,563,863
	11,133,082	19,079,896
Finance Expenses		
Net loss on translation of foreign currency	(4,701,420)	-
Bank overdraft interest	(2,666,418)	(9,348,182)
Interest on bank loans	(25,094,970)	(28,041,996)
Interest on trade bills	(20,561,710)	(432,216)
Interest on distributor deposits	(2,556,955)	(3,432,995)
	(55,581,473)	(41,255,389)
Net Finance Expenses	(44,448,391)	(22,175,493)

9. INCOME TAX EXPENSE

For the year ended 31st March,	Company and Investee / Company	
	2015	2014
	Rs.	Rs.
The charge for income tax expense is made up as follows.		
Current tax expense - (Note 9.1)	110,944,785	93,693,160
Origination of deferred tax liabilities	10,557,184	3,341,429
Origination of deferred tax assets	(2,557,481)	(1,470,173)
	118,944,488	95,564,416

Income tax provision of Kelani Cables PLC has been computed on the adjusted taxable profits at 28% in terms of Inland Revenue Act No. 10 of 2006 and amendments thereto. Export profits are liable for tax at 12%.

9.1 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31st March,	Company	
	2015	2014
	Rs.	Rs.
Profit before tax	441,252,734	323,574,436
Aggregate disallowable expenses	147,386,374	108,952,578
Aggregate allowable expenses	(67,736,070)	(68,529,147)
Income not liable for tax	(85,526,856)	(4,041,906)
Total statutory income	435,376,182	359,955,981
Less: deductions from assessable income	(109,352)	(26,000)
Taxable Income	435,266,830	359,929,981
Income Tax charged at		
Concessionary rate of 12%	8,197,445	5,315,426
Standard rate of 28%	102,747,340	88,377,734
Income tax on current year profits	110,944,785	93,693,160

Notes to the Financial Statements

9.2 Recognition of deferred tax expenses recognised in Profit or Loss / Other Comprehensive Income

For the year ended 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Profit or loss	7,999,703	1,871,256
Other comprehensive income	31,284,470	(1,530,493)
	39,284,173	340,763

10. EARNINGS PER SHARE

Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

For the year ended 31st March,	Company	
	2015 Rs.	2014 Rs.
Profit attributable to ordinary shareholders (Rs.)	322,308,246	228,010,020
Weighted average number of ordinary shares	21,800,000	21,800,000
Basic Earnings per share (Rs.)	14.78	10.46

10.1 There was no potential dilution as at the year end. Therefore, diluted earnings per share is the same as basic earnings per share shown above.

11. DIVIDEND PER SHARE

For the year ended 31st March,	Company	
	2015 Rs.	2014 Rs.
Interim dividend declared - 2012/13	-	32,700,000
Interim dividend declared - 2013/14	32,700,000	-
	32,700,000	32,700,000
Gross dividend	32,700,000	32,700,000
Number of shares	21,800,000	21,800,000
Dividend per share	1.50	1.50

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31st March,	Freehold land	Buildings	Furniture, fittings and office equipment	Company and Investee / Company				Capital work-in- progress	Total 2015	Total 2014
				Business Machines	Motor Vehicles	Plant, machinery, and electrical fittings				
				Rs.	Rs.	Rs.	Rs.			
Cost										
Balance as at 01st April	227,281,886	113,794,600	20,459,112	35,043,104	57,796,703	513,133,484	15,343,430	982,852,319	849,269,564	
Additions during the year	-	-	554,764	3,311,843	7,699,450	18,902,705	11,310,790	41,779,552	133,713,905	
Surplus on Revaluation	32,635,678	110,588,629	-	-	-	-	-	143,224,307	-	
Transfers during the year	6,082,436	-	-	-	-	9,748,414	(15,830,850)	-	-	
Accumulated Depreciation										
Transferred	-	(30,383,229)	-	-	-	-	-	(30,383,229)	-	
Disposals during the year	-	-	-	-	-	-	-	-	(131,150)	
Balance as at 31st March	266,000,000	194,000,000	21,013,876	38,354,947	65,496,153	541,784,603	10,823,370	1,137,472,949	982,852,319	
Accumulated Depreciation										
Balance as at 01st April	-	20,145,675	13,250,771	25,999,081	36,071,406	298,585,319	-	394,052,252	336,536,591	
Charge for the year	-	10,237,554	1,513,904	3,161,298	8,622,022	36,090,256	-	59,625,034	57,646,811	
Accumulated Depreciation										
Transferred	-	(30,383,229)	-	-	-	-	-	(30,383,229)	-	
Disposals	-	-	-	-	-	-	-	-	(131,150)	
Balance as at 31st March	-	-	14,764,675	29,160,379	44,693,428	334,675,575	-	423,294,057	394,052,252	
Carrying value										
As at 31st March 2015	266,000,000	194,000,000	6,249,201	9,194,568	20,802,725	207,109,028	10,823,370	714,178,892		
As at 31st March 2014	227,281,886	93,648,925	7,208,341	9,044,023	21,725,297	214,548,165	15,343,430		588,800,067	

12.1 Land and Buildings carried at revalued amount

Property	Location	Last revaluation date	Extent / Sq.Ft	Carrying amount as at 31.03.2015 Rs.	Revaluation surplus for the year Rs.	Revalued amount as at 31.03.2015 Rs.	Accumulated revaluation surplus Rs.	Carrying amount at cost Rs.
Land	Wewelduwa, Kelaniya	31/03/15	06A. 02R. 01.50 P	222,136,322	26,363,678	248,500,000	89,442,506	159,057,494
	Mahena Road, Siyambalape South, Siyambalape	31/03/15	01A. 0R. 12.75 P	11,228,000	6,272,000	17,500,000	13,552,513	3,947,487
				233,364,322	32,635,678	266,000,000	102,995,019	163,004,981
Building	Wewelduwa, Kelaniya	31/03/15	97,345 Sq.Ft	59,648,817	81,351,183	141,000,000	164,509,254	18,521,837
	Mahena Road, Siyambalape South, Siyambalape	31/03/15	29,213 Sq.Ft	23,762,553	29,237,442	53,000,000	57,440,058	6,979,011
				83,411,371	110,588,629	194,000,000	221,949,312	25,500,848

The Land and Building were revalued as at 31st March 2015, by Mr. Senanayake Bandara, an Fellow Member of Institute of Valuers of Sri Lanka. The surplus on revaluation relating to Land & Building were incorporated in the Financial Statements on 31 March 2015. Such Assets were valued in an open market value for existing use basis, the surplus arising from the revaluation was transferred to the revaluation reserve.

Notes to the Financial Statements

12.2 The cost of fully depreciated assets as at the reporting date is as follows.

For the year ended 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Furniture, fittings and office equipment	7,105,291	3,898,680
Business machines	22,379,644	20,215,576
Motor vehicles	21,501,729	18,137,390
Plant machinery, and electrical fittings	47,867,530	39,066,385
	98,854,194	81,318,031

12.3 PPE pledged as security

Land with a carrying value of Rs. 95.8 mn has been pledged as security against the loan obtained.

12.4 Title restriction on PPE

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date.

12.5 Assessment of impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31st March 2015. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect to PPE.

13. INTANGIBLE ASSETS

For the year ended 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Computer Software		
Cost		
Balance as at the beginning of the year	3,749,852	3,749,852
Additions during the year	2,072,899	-
Balance as at the end of the year	5,822,751	3,749,852
Amortization		
Balance as at the beginning of the year	3,749,852	3,749,852
Amortized during the year	950,078	-
Balance as at the end of the year	4,699,930	3,749,852
Carrying value as at 31 March	1,122,821	-

14. INVESTMENT PROPERTY

For the year ended 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Balance as at the beginning of the year	130,000,000	130,000,000
Change in fair value	78,000,000	-
Balance as at the end of the year	208,000,000	130,000,000

Changes in the fair values are recognized as gain in profit or loss. All gains are unrealized.

14.1 Details of the land under investment property

Investment property represents the land owned by the Company.

Location	Extent	Carrying Value
Ekala	13A .00R .02P	208,000,000

14.2 Measurement of fair value

Investment properties of the Company are accounted for on the revaluation model. The value has been determined on fair value basis using market evidence. The last Valuation was carried out by an independent professional Valuer Mr. Senanayake Bandara, an Fellow Member of Institute of Valuers of Sri Lanka, as at 31st March 2015.

15. INVESTMENT IN SUBSIDIARY

For the year ended 31st March,	Company Holding	No. of Shares	Company and Investee / Company 2015 Rs.	2014 Rs.
Kelani Electrical Accessories (Pvt) Limited				
Ordinary share	100%	8	80	80
Provision for investment			(80)	(80)
			-	-

Kelani Electrical Accessories (Pvt) Limited has ceased operations since September 1995. Accordingly, the directors had decided to provide in full, for the aforesaid investment. Further the Company has not re-registered under the new Companies Act No 7 of 2007.

The Company has opted not to present consolidation financial statements since the subsidiary does not have legal status and the financial position of the subsidiary as at the reporting date was not material.

16 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

For the year ended 31st March,	Company 2015 Rs.	2014 Rs.
Investment in ACL-Kelani Magnet Wire (Private) Limited	51,200,000	51,200,000
Provision for impairment of the associate	(39,621,333)	(25,045,766)
	11,578,667	26,154,234

The Board of Directors has assessed the potential impairment loss of Investment in subsidiary as at 31 March 2015. Based on the internal assessment, the Company has made an additional provision on impairment of Rs.14,575,567 during the year on the investment in associate in the separate financial statements of the Company.

The Company has stake of 29.9% in ACL Kelani Magnet Wire(Pvt) Ltd whose principal business activities are manufacturing, exporting and selling all kinds and gauges of enamelled wire.

16.1 Value of the investment

For the year ended 31st March,	Company and Investee 2015 Rs.	2014 Rs.
Balance at the beginning of the year	10,409,290	28,334,989
Current years share of comprehensive income		
Included in Profit or loss (Note 16.1.1)	(10,783,152)	(17,925,699)
Included in Other Comprehensive Income (Note 16.1.2)	11,220,930	-
Included in comprehensive income (Note 16.3)	437,778	(17,925,699)
Investment in equity accounted investee	10,847,068	10,409,290

16.1.1 Included in Profit or loss

For the year ended 31st March,	Company and Investee 2015 Rs.	2014 Rs.
Share of Profit before Tax	(12,510,817)	(18,352,072)
Share of Current year's Income Tax Charge	1,727,665	426,373
Share of Profit of Equity Accounted Investee, Net of Tax	(10,783,152)	(17,925,699)

Notes to the Financial Statements

16.1.2 Included in Other Comprehensive Income

For the year ended 31st March,	Company and Investee	
	2015 Rs.	2014 Rs.
Share of Other Comprehensive Income before tax	12,159,846	-
Related Share of Deferred Tax	(938,916)	-
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	11,220,930	-

The following table illustrates summarized information of the Company's investment in ACL Kelani Magnet (Pvt) Ltd;

16.2 Carrying amount of interest in associate

For the year ended 31st March,	Company	
	2015 %	2014 %
Percentage ownership interest	29.9%	29.9%

For the year ended 31st March,	Company	
	2015 Rs.	2014 Rs.
Financial Position of Equity Accounted Investee		
Non Current Assets	223,849,154	194,496,470
Current Assets	235,153,954	282,101,033
Non-Current Liabilities	(6,644,128)	(11,694,805)
Current Liabilities	(413,750,555)	(428,814,589)
Net assets (100%)	38,608,425	36,088,109

For the year ended 31st March,	Company	
	2015 Rs.	2014 Rs.
16.3 Company's share of net assets	11,578,667	10,822,824

For the year ended 31st March,	Company	
	2015 Rs.	2014 Rs.
Financial performance of equity accounted investee		
Revenue (100%)	219,547,534	373,816,322
Loss for the year, net of tax (100%)	(35,955,826)	(59,772,254)
Other comprehensive income (100%)	37,415,572	-
Comprehensive income (100%)	1,459,746	(59,772,254)
Company's 29.9% share of comprehensive income	437,778	(17,925,699)
Share of Comprehensive Income, Net of Tax	437,778	(17,925,699)

17 INVENTORIES

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Raw materials	310,564,596	127,472,391
Work-in-progress	289,225,617	236,638,143
Finished goods	721,732,946	685,117,168
Consumable stocks	76,618,954	71,239,814
	1,398,142,113	1,120,467,516
Impairment for obsolete Inventories (Note-17.1)	(54,795,225)	(50,326,514)
	1,343,346,888	1,070,141,002
Goods in Transit	144,810,094	100,895,627
	1,488,156,982	1,171,036,629

17.1 Impairment for Obsolete Inventories

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Balance as at the beginning of the year	50,326,514	41,179,280
Provision for the year	4,468,711	10,635,154
Inventory written-off	-	(1,487,920)
Balance as at the end of the year	54,795,225	50,326,514

18 TRADE AND OTHER RECEIVABLES

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Trade receivables	1,624,717,822	1,099,820,707
Trade receivables - Related parties		
ACL Cables PLC	59,305,872	12,501,038
ACL-Kelani Magnet Wire (Private) Limited	217,032,037	241,848,370
ACL Plastics PLC	47,856	35,556
	1,901,103,587	1,354,205,671
Provision for impairment of trade receivables (Note -18.1)	(92,756,268)	(54,495,536)
	1,808,347,319	1,299,710,135
Staff Loans	3,503,397	3,022,704
Other receivables	6,581,199	7,381,365
	1,818,431,915	1,310,114,204

18.1 Provision for impairment of trade receivables

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Balance as at the beginning of the year	54,495,536	48,328,204
Provision for impairment of trade receivables	39,106,407	6,167,332
Debts written-off	(845,675)	-
Balance as at the end of the year	92,756,268	54,495,536

19 AMOUNT DUE FROM RELATED COMPANIES

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
ACL Cables PLC		
Loan	41,854,000	41,854,000
Other transactions	917,473	-
	42,771,473	41,854,000

Interest is calculated at Treasury Bill rate on a quarterly basis. The loan is not secured and the terms of recovery were not agreed at the reporting date.

Notes to the Financial Statements

20 CASH AND CASH EQUIVALENTS

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Short term deposits	410,819,019	428,223,242
Cash in hand and at bank	3,070,228	11,515,852
Cash and cash equivalents	413,889,247	439,739,094
Short term loans	(400,000,000)	(245,000,000)
Bank overdraft	(120,623,672)	(20,677,132)
Bank overdrafts and other short-term borrowings	(520,623,672)	(265,677,132)
Cash and cash equivalents in the statement of cash flows	(106,734,425)	174,061,962

Value of inventories and book debts have been pledged as security against the overdraft facility obtained from bank, amounted to Rs. 39.5 Mn.

21 STATED CAPITAL

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
21,800,000 Ordinary shares	218,000,000	218,000,000
	218,000,000	218,000,000

21.1 Rights, Preferences and Restrictions of Classes of Capital

The holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

22 CAPITAL RESERVES

As at 31st March,	Company and Investee		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Revaluation reserve (Note 22.1)	299,932,528	176,483,705	259,919,530	147,660,039
Capital redemption reserve fund	525,000	525,000	525,000	525,000
	300,457,528	177,008,705	260,444,530	148,185,039

22.1 Revaluation Reserves

Revaluation reserve relates to the resultant surplus on revaluation of land and buildings of the Company.

23 GENERAL RESERVES

As at 31st March,	Company and Investee	
	2015 Rs.	2014 Rs.
Development reserve (Note 23.1)	7,143,905	7,143,905
Dividend equalization reserve (Note 23.2)	1,000,000	1,000,000
Other reserve (Note 23.3)	422,992,095	422,992,095
	431,136,000	431,136,000

23.1 Development Reserve

The development reserve reflects the amount the Company has reserved for future development expenditure.

23.2 Dividend Equalization Reserve

Dividend Equalization reserve was created in the year 1981/82

23.3 Other Reserve

The Other Reserve reflects the amount that the Company has reserved over the years from its retained earnings.

24 RETAINED EARNINGS

As at 31st March,	Company and Investee		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Balance at the beginning of the year	1,515,233,587	1,336,784,821	1,559,802,197	1,368,427,732
Profit for the year	326,100,661	215,084,321	322,308,246	228,010,020
Actuarial gain/loss	853,566	(3,935,555)	821,968	(3,935,555)
Interim dividend declared during the year	(32,700,000)	(32,700,000)	(32,700,000)	(32,700,000)
Balance at the end of the year	1,809,487,814	1,515,233,587	1,850,232,411	1,559,802,197

25 EMPLOYEE BENEFITS

25.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

As at 31st March,	Company and Investee /Company	
	2015 Rs.	2014 Rs.
Employees' Provident Fund		
Employer's contribution	21,159,015	18,897,291
Employees' contribution	15,691,993	14,007,548
Employees' Trust Fund	5,289,754	4,724,322

25.2 Defined benefit plans - Provision for Employee Benefits

The note indicates the assumptions used and the movement in the employee benefit plan. The plan is not externally funded. As at 31st March 2015 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M. Poopalanathan AIA of Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries. The valuation is performed on annually.

As at 31st March,	Company and Investee /Company	
	2015 Rs.	2014 Rs.
Present value of unfunded obligation (Note 25.2.1)	76,305,731	68,073,624
Present value of funded obligation	-	-
	76,305,731	68,073,624

Notes to the Financial Statements

25.2.1 Movement in the present value of the Employee Benefits unfunded obligation

As at 31st March,	Company and Investee /Company	
	2015 Rs.	2014 Rs.
Balance as at 1st April	68,073,624	57,103,138
Provision recognised during the year (Note 25.2.1.a)	14,247,502	9,980,461
Actuarial loss during the year (Note 25.2.1.b)	(1,141,622)	5,466,048
	81,179,504	72,549,647
Payments during the year	(4,873,773)	(4,476,023)
Balance as at 31st March	76,305,731	68,073,624
25.2.1.a Provision recognized in Profit or Loss		
Current Service Cost	6,759,403	4,270,147
Interest on Obligation	7,488,099	5,710,314
	14,247,502	9,980,461
25.2.1.b Provision recognized in the Statement of Other Comprehensive Income		
Actuarial (gain)/loss during the year	(1,141,622)	5,466,048
	(1,141,622)	5,466,048
The expense is recognized in the following line items in the statement of comprehensive income		
Cost of sales	6,085,426	4,634,216
Distribution expenses	4,320,813	3,290,395
Administrative expenses	3,841,263	2,055,850
	14,247,502	9,980,461

25.3 Principal actuarial assumptions used

As at 31st March,	2015	2014
(a) Discount Rate	10%	10%
(b) Future Salary Increase Rate	10%	10%
(c) Retirement Age	55 years	55 years

25.4 Sensitivity analysis

As at 31st March,	2015			
	Discount rate	Effect	Salary increment rate	Effect
Effect on defined benefit obligation liability				
Increase by 1%	11%	(6,115,976)	11%	7,354,544
Decrease by 1%	9%	7,072,211	9%	(6,461,022)
As at 31st March,	2014			
	Discount rate	Effect	Salary increment rate	Effect
Effect on defined benefit obligation liability				
Increase by 1%	11%	(787,388)	11%	5,284,662
Decrease by 1%	9%	4,988,587	9%	(1,135,691)

26 DEFERRED TAXATION

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Deferred tax assets (Note 26.1)	22,169,482	19,612,001
Deferred tax liabilities (Note 26.2)	(107,287,089)	(65,445,435)
	(85,117,607)	(45,833,434)
26.1 Deferred tax assets		
Balance as at the beginning of the year	19,612,001	16,611,335
Deferred tax asset originating during the year recognized in Profit or Loss	2,557,481	1,470,173
Deferred tax asset originating during the year recognized in Other Comprehensive Income	-	1,530,493
Balance as at the end of the year	22,169,482	19,612,001
26.2 Deferred tax liabilities		
Balance as at the beginning of the year	65,445,435	62,104,006
Deferred tax liabilities originating during the year recognized in Other Comprehensive Income	31,284,470	-
Deferred tax liability originating during the year recognized in Profit or Loss	10,557,184	3,341,429
Balance as at the end of the year	107,287,089	65,445,435

As at 31st March,	Statement of Financial Position				Profit or Loss		Other Comprehensive Income	
	2015		2014		2015	2014	2015	2014
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability								
Property, Plant and Equipment	382,026,552	106,967,435	233,733,695	65,445,435	10,557,184	3,341,429	30,964,816	-
Actuarial gain on employee benefits	1,141,622	319,654	-	-	-	-	319,654	-
	107,287,089		65,445,435		10,557,184	3,341,429	31,284,470	-
Deferred Tax Assets								
Employee Benefits	77,447,353	21,685,259	68,073,624	19,060,615	2,624,644	1,541,243	-	1,530,493
Provision for PILESIS	1,729,367	484,223	1,969,241	551,386	(67,163)	(71,070)	-	-
	22,169,482		19,612,001		2,557,481	1,470,173	-	1,530,493
	85,117,607		45,833,434		7,999,703	1,871,256	31,284,470	(1,530,493)

27 INTEREST BEARING BORROWINGS

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Balance at the beginning of the year	95,841,000	-
Loan obtained during the year	-	95,841,000
Loan repayment during the year	(16,000,000)	-
Balance at the end of the year	79,841,000	95,841,000
Amount payable within one year	24,000,000	18,000,000
Amount payable after one year	55,841,000	77,841,000
	79,841,000	95,841,000

Land with a carrying value of Rs. 78 mn has been pledged as security against the loan obtained.

Notes to the Financial Statements

28 TRADE PAYABLES

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Trade payables	136,750,556	74,115,873
Bills payable	478,762,964	595,211,924
Trade payables - Related parties		
ACL Cables PLC	113,549,560	15,227,752
ACL Plastics PLC	84,202,219	111,949,409
ACL -Kelani Magnet Wire (Private) Limited	35,948,619	22,791,424
ACL Metals & Alloys Pvt Ltd	78,741,315	1,904,750
Ceylon Copper (Pvt) Ltd.	37,259,845	-
ACL Electric (Pvt) Ltd	14,054	-
	349,715,612	151,873,335
	965,229,132	821,201,132

29 OTHER PAYABLES

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Accrued charges	50,647,274	31,398,426
Nation Building Tax payable	3,107,738	3,003,249
Distributors' deposits	33,634,323	25,944,941
Advance from debtors	28,576,131	20,413,744
Other payables	14,852,013	10,833,258
	130,817,479	91,593,618

30 CURRENT TAXATION

As at 31st March,	Company and Investee / Company	
	2015 Rs.	2014 Rs.
Balance as at the beginning of the year	136,716,638	61,022,397
Provision on current years profit	110,944,785	93,693,160
Payments made during the year	-	(17,998,919)
Balance at the end of the year	247,661,423	136,716,638

31 UNCLAIMED DIVIDEND

As at 31st March,	2015 Rs.		2014 Rs.	
Balance as at the beginning of the year	6,542,534		5,452,674	
Dividend declared	32,700,000		32,700,000	
Payments during the year	(32,516,412)		(31,610,140)	
Balance as at the end of the year	6,726,122		6,542,534	

32 RELATED PARTY TRANSACTIONS

32.1 Key management personnel information

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities directly or indirectly. Accordingly the KMP include members of the Board of Directors of the company.

ACL Cable PLC is the ultimate parent of the Company and the board of directors of ACL Cable PLC has the authority and responsibility of planning, directing and controlling the activities of the Company. The Directors of ACL Cable PLC have also been identified as KMP of the Company.

Compensation paid to / on behalf of key management personnel of the Company are as follows:

As at 31st March,	2015 Rs.	2014 Rs.
Short term employee benefits	1,650,000	1,620,000
Post employment benefits	Nil	Nil

32.2 Transactions with Related Companies

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 - Related Party Disclosures. The details of which are reported below.

Company	Relationship	Nature of transaction	Transaction amount 2015 Rs.	Transaction amount 2014 Rs.
ACL Cables PLC	Ultimate parent company	Interest income on loan granted	2,621,104	3,563,863
		Interest received in cash	(1,376,994)	(4,610,213)
		Bills Charged	(544,462)	(1,543,555)
		Settlements during the year	217,826	2,044,117
		Sale of goods (Gross)	176,430,803	46,021,943
		Settlements during the year	(129,625,969)	(47,342,087)
ACL Plastics PLC	Related company	Purchase of finished goods (Gross)	(412,359,010)	(137,464,434)
		Settlements during the year	314,037,204	179,639,467
		Purchase of Raw Materials (Gross)	(572,485,288)	(520,349,543)
		Settlements during the year	600,232,478	519,591,014
		Sale of Finished goods (Gross)	103,922	74,202
		Settlements during the year	(91,622)	(38,646)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	Sale of finished goods and raw materials (Gross)	108,031,919	234,730,316
		Settlements during the year	(132,848,252)	
		Purchase of finished goods and raw materials (Gross)	(13,156,893)	(25,014,849)
		Settlements	-	97,198
		Settlement of purchase of machinery	-	75,600,000
		Purchase of Raw Materials (Gross)	(236,303,174)	(223,525,008)
ACL Metals & Alloys (Pvt) Ltd	Related company	Settlements during the year	159,466,609	221,620,258
		Sale of goods	926,490	
		Settlements during the year	(926,490)	
		Sale of Scrap (Gross)	-	11,151,777
		Settlements during the year	-	(12,320,910)
		Purchase of raw materials (Gross)	(358,225,621)	(20,423,899)
Ceylon Copper (Pvt) Ltd.	Related company	Settlements during the year	320,965,776	66,946,742

Notes to the Financial Statements

Company	Relationship	Nature of transaction	Transaction amount 2015 Rs.	Transaction amount 2014 Rs.
ACL Electric (Pvt) Ltd.	Related company	Sale of finished goods (gross)	43,297	9,000
		Settlements during the year	(44,420)	(9,000)
		Purchase of finished goods (gross)	(96,250)	-
		Settlements during the year	83,319	-
Lanka Olex Cables (Private) Ltd	Immediate parent company	Interim dividend payment 2012/13-Rs.1/50 per share	-	24,525,000
		Interim dividend payment 2013/14-Rs.1/50 per share	24,525,000	-

Also refer Note 18,19 and 28.

33 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- 33.1 Credit risk
- 33.2 Liquidity risk
- 33.3 Market risk
- 33.4 Operational risk.

Introduction and overview

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout this financial statement.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

33.1 Credit risk

The Company extends credit facilities to customers during the course of business. Therefore, non-payment of trade debts is a key risk associated with trade receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows,

For the year ended 31st March,	2015 Rs.	2014 Rs.
Trade and other receivables	1,818,431,915	1,310,114,204
Amount due from related companies	42,771,473	41,854,000
Deposits	152,880	152,880
Cash and cash equivalents	413,889,247	439,739,094
	2,275,245,515	1,791,860,178

Age Analysis of Trade Receivables after Provision for Impairment

As at 31st March,	2015 Rs.	2014 Rs.
Less than 30 days	605,229,721	472,940,330
Between 31 days - 60 days	458,740,256	364,021,090
Between 61 days - 90 days	239,715,684	169,347,953
Between 91 days - 180 days	222,923,766	185,724,544
Between 181 days - 365 days	135,230,807	102,802,512
More than 365 days	239,263,353	59,369,242
Gross trade receivables	1,901,103,587	1,354,205,671
Provision for impairment	(92,756,268)	(54,495,536)
Net trade receivables	1,808,347,319	1,299,710,135

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Companies of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Control Measures and Action Plans to Mitigate Risk

- Constant monitoring of trends in payment patterns.
- Being alert to indicators of insolvency by keeping abreast of economic reviews, news and analysis of published financial and other reports of Key trade partners.
- Robust credit policy in place to review credit worthiness on a periodic basis.
- Every endeavour is made to secure revolving advances.
- Actively measuring trade debtor balances with collection targets and regular meetings to monitor and review efficacy of collection activities.
- Instituting legal action as a last resort.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

	Amount 2015 Rs.	Amount 2014 Rs.
Trade payables	965,229,132	821,201,132
Other payables	130,817,479	91,593,618
Current taxation	247,661,423	136,716,638
Unclaimed dividends	6,726,122	6,542,534
Interest Bearing borrowings	24,000,000	18,000,000
Bank overdrafts and other short-term borrowings	520,623,672	265,677,132

Notes to the Financial Statements

33.2.1 Exposure to liquidity risk

The following are the remaining contractual maturities of the Company at the end of the reporting period of financial liabilities.

As at 31st March, 2015	Carrying amount (Rs.)	Total (Rs.)	Contractual cash flows (Rs.)			
			up to 3 months	less than 1 year	1 - 2 years	2 - 5 years
Non- derivative financial liabilities						
Secured bank loans	479,841,000	479,841,000	406,000,000	18,000,000	24,000,000	31,841,000
Bank overdraft	120,623,672	120,623,672	120,623,672	-	-	-
Trade and other payables	1,096,046,611	1,096,046,611	1,096,046,611	-	-	-
As at 31st March, 2014						
	Carrying amount (Rs.)	Total (Rs.)	Contractual cash flows (Rs.)			
			up to 3 months	less than 1 year	1 - 2 years	2 - 5 years
Non- derivative financial liabilities						
Secured bank loans	340,841,000	340,841,000	245,000,000	16,000,000	24,000,000	55,841,000
Bank overdraft	20,677,132	20,677,132	20,677,132		-	-
Trade and other payables	912,794,750	912,794,750	912,794,750		-	

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2015

	On demand	0-30 days	30-60 days	60-90 days	90-180 days	180-365 days	Total
Trade payables	-	644,342,041	179,528,154	93,223,394	48,135,543	-	965,229,132
Other payables	69,739,049	61,078,430	-	-	-	-	130,817,479
Current taxation	-	-	-	-	247,661,423	-	247,661,423
Unclaimed dividends	6,726,122	-	-	-	-	-	6,726,122
Interest bearing borrowings	-	2,000,000	2,000,000	2,000,000	6,000,000	12,000,000	24,000,000
Bank overdrafts other short-term borrowings	-	520,623,672	-	-	-	-	520,623,672
	76,465,171	1,228,044,143	181,528,154	95,223,394	301,796,966	12,000,000	1,895,057,828

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2014

	On demand	0-30 days	30-60 days	60-90 days	90-180 days	180-365 days	Total
Trade payables	-	388,986,108	107,989,829	205,043,150	60,214,970	58,967,075	821,201,132
Other payables	86,918,956	4,674,662	-	-	-	-	91,593,618
Current taxation	-	-	-	-	136,716,638	-	136,716,638
Unclaimed dividends	6,542,534	-	-	-	-	-	6,542,534
Bank overdrafts other short-term borrowings	-	-	-	-	6,000,000	12,000,000	18,000,000
	-	265,677,132	-	-	-	-	265,677,132
	93,461,490	659,337,902	107,989,829	205,043,150	202,931,608	70,967,075	1,339,731,054

33.2.2 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's policy is to hold cash and undrawn overdraft facilities at a level sufficient to ensure that the Company has available funds to meet its liabilities.

33.3 Market risk

The market risk is exposure to adverse movements in the security markets for both equity and fixed income investments, which can result variations in the anticipated returns from those securities. All financial institutions face market risks, created by changes in the macro environment related to political factors, national security, economic management and globalization influences which have an impact on systematic risk factors such as interest rates, currency parity, inflation, and availability of credit.

Control Measures and Action Plans to Mitigate Risk

- (a) Expansion of its portfolio through strategic investment.
- (b) Innovating and trend setting while benchmarking with global competition.
- (c) Introduction of unique and innovative services to create demand for the destination.
- (d) Obtaining Quality and safety standard certification for assurance of health and safety.
- (e) Securing Green Globe and Eco Friendly Certification in acknowledgement of commitment to sustainable tourism.
- (f) Participation in global and regional tourism promotional events in potential and emerging markets.

33.3.1 Foreign exchange risk

The Company is sensitive to the fluctuations in exchange rates and is principally exposed to fluctuations in the value of Sri Lankan Rupee (LKR) against the US Dollar (USD). Company's functional currency is the Sri Lankan Rupee (LKR) in which most of the transactions are denominated and all other currencies are considered foreign currencies for reporting purposes. The Company had taken measures to manage risk by having foreign currency trade receivables and foreign currency bank accounts balances to cover the exposure on foreign currency payables. Hence the overall objective of foreign exchange risk management is to reduce the short term negative impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results.

As at 31st March,	Average rate	2014	Reporting date spot rate	
	2015		31-Mar-15	31-Mar-14
USD 1	131.36	130.52	133.32	130.73

Sensitivity Analysis - Based on exchange rate fluctuation against Sri Lankan rupees

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in exchange rate is given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31st March 2015.

As at 31st March,	Effect on profit or loss	
	2015	2014
LKR depreciated against USD by 5%	(5,733,190)	(8,575,200)
LKR appreciated against USD by 5%	5,733,190	8,575,200

33.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rates; interest rate risk arises on interest bearing financial instruments recognized in the statement of financial position.

The interest rate risk of the Company arises from financial instruments which are exposed to variable or fixed interest rates. Variable interest rates expose the Company to cash flow due to the impact on the quantum of interest payable. Financial instruments with fixed interest rates are subject to variations in fair values due to market interest movements.

The Company monitors market interest rate movements and takes steps to minimize the interest rate risk associated with financial instruments with rates.

Notes to the Financial Statements

Profile

At the end of the reporting period the interest rate profile of the Company's interest bearing financial instruments were as follows,

As at 31st March,	2015 Rs.	2014 Rs.
Fixed rate instruments		
Financial assets		
- Short term deposits	410,819,019	428,223,242
Financial liabilities		
- Bank overdraft	(120,623,672)	(20,677,132)
- Short term loans	(400,000,000)	(245,000,000)
Variable rate instruments		
Financial liabilities		
- Interest bearing borrowings	(79,841,000)	(95,841,000)

33.3.3 Price risk

The Company is exposed to price risk because of investments in quoted/ unquoted shares held by the Company classified as financial assets available-for-sale. The value of these investments is subjected to the performance of investee company and the factors that affects the status of the stock market. Sensitivity analysis on the value of the investments is not provided as it is deemed to be not material.

33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Board of Directors and senior management of the Company.

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

34.1 Valuation of financial instruments measured at fair value

The Company does not have any financial instruments which are measured at fair value. Therefore, disclosure in relation to the fair value hierarchy (Level 1, 2 and 3) have not been presented.

34.2 Valuation of financial assets and liabilities not carried at fair value

Set out below is a comparison of the carrying amounts and fair values of the financial instruments of the Company which are not measured at fair value in the financial statements. These tables do not include non-financial assets and liabilities.

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	LKR	LKR	LKR	LKR
Loans and receivables				
Short term deposits	410,819,019	410,819,019	428,223,242	428,223,242
Trade and other receivables	1,818,431,915	1,818,431,915	1,310,114,204	1,310,114,204
Amount due from related parties	42,771,473	42,771,473	41,854,000	41,854,000
Cash in hand cash at bank	3,070,228	3,070,228	11,515,852	11,515,852
	2,275,092,635	2,275,092,635	1,791,707,298	1,791,707,298
Financial liabilities				
Trade payable	965,229,132	965,229,132	821,201,132	821,201,132
Other payables	130,817,479	130,817,479	91,593,618	91,593,618
Bank overdrafts and other short-term borrowings	520,623,672	520,623,672	265,677,132	265,677,132
	1,616,670,283	1,616,670,283	1,178,471,882	1,178,471,882

34.2.1 Short term deposits

The fair values of fixed term deposits with remaining maturity of less than one year are estimated to approximate their carrying amounts.

34.2.2 Other financial assets

The carrying amount of cash and bank balances approximate to the fair value due to the relatively short maturity of the financial instruments.

The fair value of the Loans to staff has been computed based on the interest rates prevailed at reporting date.

Other receivables items the carrying value has been considered as the fair value due to the timing of the cash flows.

34.2.3 Financial liabilities

This nature of financial liabilities of carrying value has been considered as the fair value due to the timing of the cash due.

35 CAPITAL COMMITMENTS

The following commitments for the capital expenditure was approved by the Board of Directors as at reporting date was not provided in the financial statements.

For the year ended 31 March,	2015 Rs.	2014 Rs.
Approximate amount approved but not contracted for	2,754,855	13,598,773

Except for disclosed above, there were no other capital commitments as at the reporting date.

Notes to the Financial Statements

36 CONTINGENT LIABILITY

Guarantees

The contingent liability as at 31st March, 2015 on guarantees given to third parties amounted to Rs. 187,260,327/-. (2014 - Rs. 92,032,774/-)

The Company did not have any material litigations and claims which required adjustment or disclosures in the Financial Statements as at the reporting date.

There were no other contingent liabilities as at the reporting date.

37 COMPARATIVE INFORMATION

Comparative information is reclassified wherever necessary to confirm with the current year's classification in order to provide better presentation.

38 EVENTS AFTER REPORTING DATE

Except for the below mentioned events, there have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

The Board of Directors has recommended the payment of an interim dividend of Rs. 3.00 per share for the year ended 31st March 2015 which was approved at the board meeting held on 29th June 2015.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring dividend. A statement of solvency duly completed and signed by the Directors on 29th June 2015 has been audited by Messrs. KPMG.

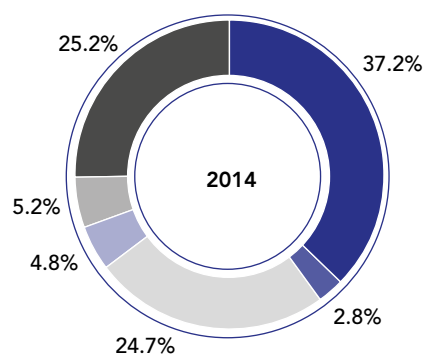
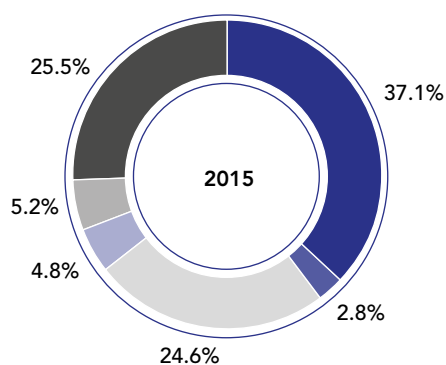
39 DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for preparing and presenting these Financial Statements in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirement of the companies Act No 07 of 2007.

Statement of Value Addition

For the year ended 31st March,	Company and Investee		Company	
	2015 Rs'000	2014 Rs'000	2015 Rs'000	2014 Rs'000
Turnover	6,204,431	5,231,769	6,204,431	5,231,769
Other Income	88,316	12,221	88,316	12,221
	6,292,748	5,243,991	6,292,748	5,243,991
Less:				
Cost of Material & Services Purchased	5,140,483	4,314,848	5,144,275	4,291,674
Value Added	1,152,265	929,143	1,148,473	952,317
Value Addition as Percentage on Turnover	18.6%	17.8%	18.5%	18.2%

For the year ended 31st March,	Consolidated				Company			
	2015 Rs'000	As a % of Total	2014 Rs'000	As a % of Total	2015 Rs'000	As a % of Total	2014 Rs'000	As a % of Total
To Employees as Remuneration	427,668	37.1%	383,022	41.2%	427,668	37.2%	383,022	40.2%
To Shareholders as Dividends	32,700	2.8%	32,700	3.5%	32,700	2.8%	32,700	3.4%
To the State as Taxes	283,290	24.6%	242,383	26.1%	283,290	24.7%	242,383	25.5%
To Bank as Interest	55,581	4.8%	41,255	4.4%	55,581	4.8%	41,255	4.3%
Retained in the Business					-			
- As Depreciation	59,625	5.2%	47,398	5.1%	59,625	5.2%	57,647	6.1%
- As Revenue Reserves	293,401	25.5%	182,384	19.6%	289,608	25.2%	195,310	20.5%
	1,152,265		929,143		1,148,473		952,317	



- To Employees as Remuneration
- To Shareholders as Dividends
- To the State as Taxes
- To Bank as Interest
- Retained in the Business as Depreciation
- Retained in the Business as Revenue Reserves

Investors Information

Distribution of Shareholding - March 31, 2015

Range	No of Holders	Total Holding	% Holding
up to 1000	749	224,805	1.0%
1,001 - 5,000	240	610,105	2.8%
5,001 - 10,000	61	499,227	2.3%
10,001 - 50,000	78	1,555,660	7.1%
50,001 - 100,000	7	520,600	2.4%
100,001 - 500,000	3	567,062	2.6%
500,001 - 1,000,000	2	1,473,193	6.8%
over 1,000,000	1	16,349,348	75.0%
	1141	21,800,000	

Twenty Largest Shareholders as at 31st March

	2015		2014	
	No. of Shares	% Holding	No. of Shares	% Holding
1 Lanka Olex Cables (Private) Ltd	16,349,348	75.0%	16,349,348	75.0%
2 ACL Cables PLC	933,756	4.3%	933,756	4.3%
3 Employees Trust Fund Board	539,437	2.5%	539,437	2.5%
4 Bank of Ceylon-No 2 A/c	323,800	1.5%	323,800	1.5%
5 DPMC Assetline Holdings (Pvt) Ltd. Account No 02	139,762	0.6%	139,762	0.6%
6 Thaha I. M.	103,500	0.5%	103,500	0.5%
7 People's Leasing & Finance PLC/ L.P.H. Hapangama	99,408	0.5%	-	0.0%
8 Pieris D. P.	84,810	0.4%	-	0.0%
9 DPMC Assetline Holdings (Pvt) Ltd. Account No 01	80,082	0.4%	79,600	0.4%
10 Waldo Mackenzie Ltd/Ceylinco Shriram Capital Management	76,600	0.4%	76,600	0.4%
11 Goonesekera C. D. M. (Mrs)	62,500	0.3%	62,500	0.3%
12 Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
13 Madanayake U.G.	56,200	0.3%	56,200	0.3%
14 Waldo Mackenzie Ltd/Mrs.. G. Soysa	46,772	0.2%	46,772	0.2%
15 Vignarajah K. C.	42,420	0.2%	42,420	0.2%
16 Leonard D. S.	41,186	0.2%	41,186	0.2%
17 Kannangara N. L.	40,000	0.2%	40,000	0.2%
18 D.S. L. Investments (Private) Ltd	39,326	0.2%	-	0.0%
19 Sumathipala U. W. J. P. A	35,200	0.2%	35,200	0.2%
20 Dee Sanda Holdings Private Limited	35,000	0.2%	-	0.0%

	No. of Shares	% Holding	No. of Share holders
Shares held by public as at 31st March 2015	4,399,696	20.2%	1126

	Company	
	2015	2014
Market Value Per Share		
At the Year End	80.00	80.00
Highest Value during the Year	101.90	90.00
Lowest Value during the Year	75.20	62.00
Earnings per Share (EPS)- Rs.	14.78	10.46
Net Asset per Share	126.59	107.40
Dividend Per Share (DPS) -Rs.	1.50	1.50
Dividend Yield	0.02	0.02
Price Earnings Ratio	5.41	7.65
No. of Transactions	1009	836
No. of Share Traded	945,891	526,463
Total Turnover (Rs.)	85,016,754	41,066,899
Market Capitalisation (Rs.)	1,744,000,000	1,744,000,000
Percentage of shares held by the public	20.2%	20.2%

Decade at a Glance

Company and Investee

Rs.000

Year ended 31st March	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
TRADING RESULTS										
Turnover	6,204,431	5,231,769	4,565,481	4,342,986	3,822,241	3,322,214	2,829,832	3,126,017	2,833,139	1,756,089
Gross Profit	1,022,926	866,439	717,357	798,558	616,514	695,429	468,715	514,636	671,156	356,764
Earnings Before Interest & Tax	500,627	351,904	317,254	423,030	265,494	314,479	208,049	251,759	469,800	247,482
Finance Cost	(55,581)	(41,255)	(36,952)	(37,381)	(47,190)	(35,019)	(72,988)	(63,040)	(14,944)	(328)
Profit before Tax	445,045	310,649	280,302	385,649	218,304	279,460	135,061	188,719	454,856	247,154
Taxation	(118,944)	(95,564)	(79,951)	(104,958)	(84,571)	(139,783)	(40,093)	(68,034)	(153,282)	(67,570)
Profit After Taxation	326,101	215,084	200,351	280,692	133,733	139,678	94,968	120,685	301,574	179,584

BALANCE SHEET

As at 31st March	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Stated Capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	109,000
Capital Reserves	300,458	177,009	177,009	177,009	143,063	121,977	114,013	114,013	114,013	138,952
General Reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	432,000	432,000
Retained Earnings	1,809,488	1,515,234	1,336,785	1,158,234	921,142	746,609	650,532	578,387	528,552	211,238
	2,759,081	2,341,378	2,162,930	1,984,379	1,713,341	1,517,722	1,413,681	1,341,536	1,292,564	891,190
Property, Plant & Equipment	714,179	588,800	512,733	462,152	429,906	340,294	331,192	290,324	290,833	198,361
Intangible Assets	1,123	-	-	-	-	-	-	-	-	-
Investments	10,847	10,409	28,335	32,451	31,154	9,512	31,963	30,081	39,674	50,108
Investment property	208,000	130,000	130,000	130,000	125,000	120,000	120,000	104,000	104,000	-
Current Assets	3,937,255	3,143,648	3,047,413	2,269,212	2,295,645	2,129,865	1,484,874	1,948,602	1,570,989	1,319,551
Current Liabilities	(1,895,058)	(1,339,731)	(1,450,733)	(817,253)	(1,087,770)	(1,022,431)	(506,700)	(979,546)	(658,359)	(639,297)
Long Term Liabilities	(217,264)	(191,748)	(104,819)	(92,183)	(80,595)	(59,518)	(47,648)	(51,925)	(54,573)	(37,533)
	2,759,081	2,341,378	2,162,930	1,984,379	1,713,341	1,517,722	1,413,681	1,341,536	1,292,564	891,190

Ratios

Gross Margin	16.5%	16.6%	15.7%	18.4%	16.1%	20.9%	16.6%	16.5%	23.7%	20.3%
Net Margin	5.3%	4.1%	4.4%	6.5%	3.5%	4.2%	3.4%	3.9%	10.6%	10.2%
Return of Investment (ROI)	18.1%	15.0%	14.7%	21.3%	15.5%	20.7%	14.7%	18.8%	36.3%	27.8%
Return of Average Equity	12.8%	9.6%	9.7%	15.2%	8.3%	9.5%	6.9%	9.2%	27.6%	40.3%
Assets Turnover	2.2	2.2	2.1	2.2	2.2	2.2	2.0	2.3	2.2	2.0
Working capital turnover	3.0	2.9	2.9	3.0	3.2	3.0	2.9	3.2	3.1	2.6
Current Ratio	2.1	2.3	2.1	2.8	2.1	2.1	2.9	2.0	2.4	2.1
Net Asset Per Share	126.56	107.40	99.22	91.03	78.59	69.62	64.85	61.54	59.29	40.88
Dividend Per Share (DPS) Rs.	1.50	1.50	1.00	1.50	1.25	1.00	1.00	2.25	6.50	3.00
Earnings per Share (EPS) Rs.	14.78	10.46	9.19	12.88	6.13	6.41	4.36	5.54	13.83	8.24
Market Price per Share-End Rs.	80.00	80.00	64.10	67.00	95.30	114.50	49.75	95.25	177.00	80.00
Dividend Yield (%)	0.02	0.02	0.02	0.02	0.01	0.01	0.02	0.02	0.04	3.75
Price Earnings Ratio	5.41	7.65	6.97	5.20	15.53	17.87	11.42	17.21	12.79	9.71

Glossary of Financial Terms

Capital Employed

Shareholders' Funds plus Minority Interest and Debt.

Cash equivalents

Liquid investments with original maturity periods of three months or less

Current Ratio

Current Assets divided by Current Liabilities.

Deferred Taxation

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend Yield

Effective Dividend per share as percentage of the Share Price at the end of the period.

Dividend per Share

Gross dividend divided by the number of ordinary shares in issue at the year end.

Earnings per Share

Profit Attribute to Shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBIT

Earnings before Interest, Tax (Including Operating Income)

Equity Accounted Investee

A Company other than a subsidiary in which a holding company has a participating interest and exercises significant influence over its operating and financial policies.

Market Capitalisation

number of shares in issue multiplied by the market value of a share at the reported date

Net Assets

Total Assets minus Current Liabilities minus Long Term Liabilities minus Minority Interests.

Net Assets per Share

Net Assets over number of Ordinary Shares in issue.

Net Margin

Profit after Tax divided by Turnover

Price Earnings Ratio

Market Price of a share divided by earnings per share as reported at that date

Quick Ratio

Cash plus Short Term Investments plus Receivables, divided by Current Liabilities.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return of Average Equity

Profit attributable to Shareholders as a percentage of Average Shareholders' Funds.

Revenue Reserves

Reserves considered as being available for distributions and investment.

Value Addition

The quantum of wealth generated by the activities of the Group measured as the difference between net revenue (including other Income) and the cost of materials and services bought in.

Working capital

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities

Notice of Meeting

NOTICE IS HEREBY GIVEN that, the Forty Sixth Annual General Meeting of Kelani Cables PLC will be held on 26th August 2015, at No. 60, Rodney Street, Colombo 8, at 10.30 a.m. for the following purposes:-

- (i) To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2015 with the Report of the Auditors thereon.
- (ii) To re-elect as Director, Dr. Bandula Perera, who retires by rotation in terms of Article 85 and being eligible for re-election in terms of Article 86, of the Articles of Association of the Company.
- (iii) To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorize the Directors to determine their remuneration.
- (iv) To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by two Shareholders of the Company.
 - a) "That Mr. U G Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"
 - b) "That Mrs. N.C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to her"
 - c) "That Dr Ranjith Cabral, who has passed the age of 70 years in April 2012, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"
- (v) To authorise the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd

Secretaries

22 July 2015

NOTE:

- (a) A Shareholder is entitled to appoint a Proxy to attend and vote in his stead and a FORM OF PROXY is attached to this Report for this purpose. A Proxy need not be a Shareholder of the Company. The instrument appointing a Proxy must be deposited at the Registered Office, No. 60, Rodney Street, Colombo 08, not less than forty eight hours before the time fixed for the Meeting.
- (b) Shareholders are kindly requested to hand-over duly perfected and signed Attendance Slip attached to this report for that purpose, to the Registration counter.

Form of Proxy

Kelani Cables PLC

I/we of being a shareholder/ shareholders of the above Company hereby appoint of or failing him of as my/our Proxy to represent me/us, to speak and vote whether on a show of hands or on a poll for me/us, and on my behalf at the Annual General Meeting of the Company to be held at No 60, Rodney Street, Colombo - 08 on 26th August 2015 at 10.30 a.m. and at any adjournment thereof.

Ordinary Resolution set out in the Notice of Meeting:

	In Favour	Not In Favour
1 To receive & adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2015 with the Report of the Auditors thereon,	<input type="checkbox"/>	<input type="checkbox"/>
2 To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-elect as Director, Dr. Bandula Perera, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
4 Ordinary Resolution relating to the appointment of Mr. U.G. Madanayake in terms of Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
5 Ordinary Resolution relating to the appointment of Mrs. N.C. Madanayake in terms of Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
6 Ordinary Resolution relating to the appointment of Dr. Ranjith Cabral in terms of Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
7 To authorise Directors to determine donations to charity	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2015

.....
Signature

INSTRUCTIONS FOR COMPLETION

- The instrument appointing a Proxy shall in the case of an individual be signed by the appointer or by his Attorney and in the case of a Corporation, be either under its common seal or signed by its Attorney or by an Officer on behalf of the Corporation.
- A Proxy need not be a Shareholder of the Company.
- The full name and address of the Proxy and the Shareholder appointing the Proxy should be entered legibly in the Form of Proxy.
- The completed Form of Proxy should be deposited at No. 60, Rodney Street, Colombo 08, not less than 48 hours before the scheduled time of the Meeting.

KELANI CABLES PLC

ATTENDANCE SLIP - ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Forty Sixth Annual General Meeting of KELANI CABLES PLC

1	NAME OF SHAREHOLDER	
	NAME OF PROXY (If applicable)	
2	SHAREHOLDER'S NIC NUMBER	
	PROXY'S NIC NUMBER (If applicable)	
3	SHAREHOLDER'S SIGNATURE	
	PROXY'S SIGNATURE (If applicable)	

SHAREHOLDERS ARE KINDLY REQUESTED TO HAND-OVER THIS ATTENDANCE SLIP TO THE REGISTRATION COUNTER

Corporate Information

Name of the Company

Kelani Cables PLC

Company Registration Number

PQ 117

Legal Form

A Public Quoted Company with Limited Liability, incorporated as Ceylon Non-Ferrous Metal Industries Limited on 27th January 1969. Thereafter on 18th December 1973 the name was changed to Kelani Cables Limited. With the adoption of the Companies Act No. 7 of 2007, re-registered as Kelani Cables PLC in February 2008.

Registered Office

No. 60, Rodney Street,
Colombo 08

Tel: +94 11 7608300, +94 11 2697652

Fax: +94 11 2667758, +94 11 2699503

Principle Place of Business

P.O. Box 14, Wewelduwa, Kelaniya

Tel: +94 11 2911224, +94 11 7434400

Fax: +94 11 2910481

E-mail: info@kelanicable.com

Corporate Website

www.kelanicable.com

Board of Directors

Mr. U. G. Madanayake

Mr. Suren Madanayake

Mrs. N. C. Madanayake

Dr. Bandula Perera

Dr. Ranjith Cabral

Company Secretaries

Corporate Affairs (Private) Limited

No: 68/1, Dawson Street,

Colombo 02

Auditors

KPMG

Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha

P.O. Box 186

Colombo 03

Bankers

Hatton National Bank PLC

Hongkong and Shanghai Banking Corporation Limited

People's Bank

Standard Chartered Bank



Kelani Cables PLC
P.O. Box 14, Wewelduwa, Kelaniya
Tel: +94 11 2911224, +94 11 7434400
Fax: +94 11 2910481
E-mail: info@kelanicable.com
www.kelanicable.com