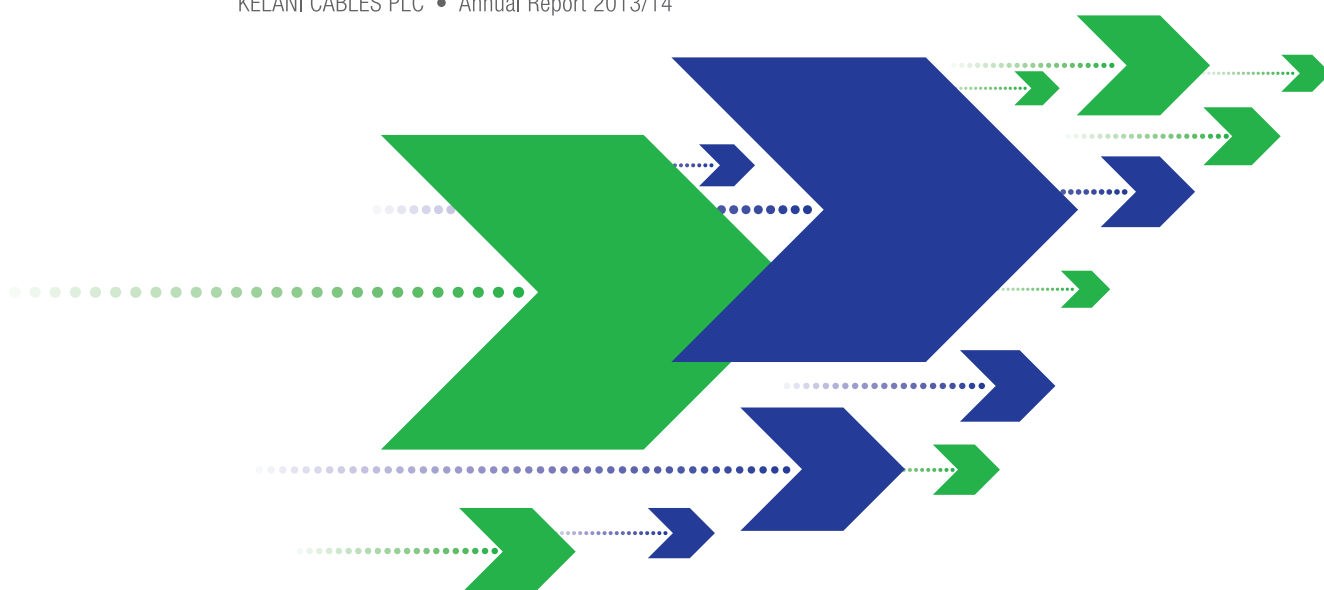


FUTURE DIRECTED

KELANI CABLES PLC • Annual Report 2013/14



Vision

To be “a house of special cables”.

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

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Corporate Information	Inner Back Cover

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.



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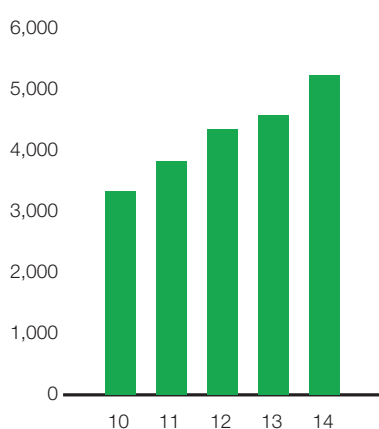
For nearly forty five years, Kelani Cables has been growing in strength and reach to become the nation's leading manufacturer of power cables, telecommunications cables and enamelled winding wires. The year under review was a positive one as we consolidated on existing strengths while building new ones that will stand your company in good stead in future years as well.

The powerful synergies we own give us strength, direction and clarity of vision as we continue our path of success that remains, as always, future directed.

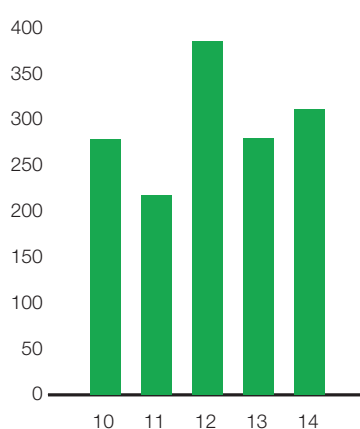
Financial Highlights

		2014	2013
Turnover	Rs.Mn.	5,232	4,565
Gross Profit	Rs.Mn.	856	717
Profit Before Tax	Rs.Mn.	311	280
Profit After Tax	Rs.Mn.	215	200
Net Assets	Rs.Mn.	2,341	2,163
Net Assets per Share	Rs.	107.40	99.22
Earnings per Share (EPS)	Rs.	9.69	9.19
Return of Investment (ROI)	%	14.8%	14.7%

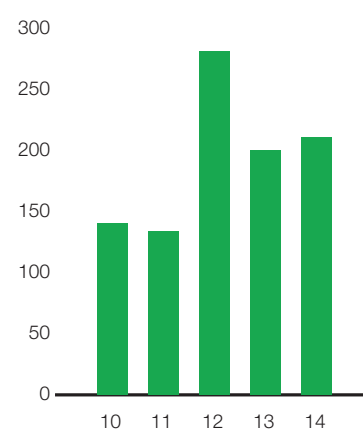
Turnover (Rs.Mn)



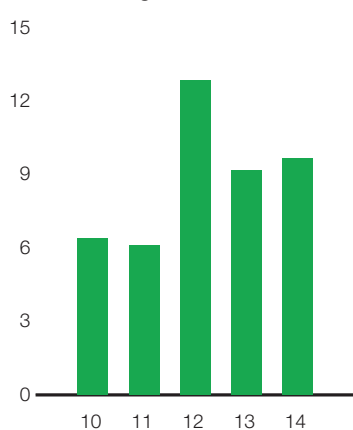
Profit Before Tax (Rs. Mn)



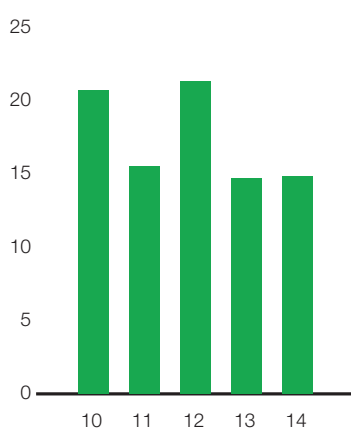
Profit After Tax (Rs. Mn)



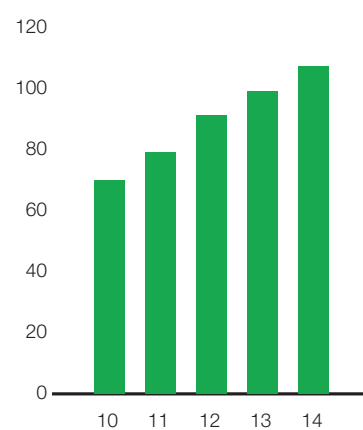
Earnings Per Share (Rs.)



Return on Investment (%)



Net Assets Per Share (Rs.)



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

1999

- 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
- Geo Responsibility Awards - Excellence in Environmental System Compliance - Merit Award
- National Cleaner Production Awards - Manufacturing (Large) Merit award



Chairman's Review

It gives me great pleasure to present our Annual Report and audited accounts to our valued Stakeholders, to announce another year of sustainable growth despite many constraints due to local and external factors that dampened our growth momentum.

Sri Lanka's GDP growth declined marginally and had an impact on our local operations. The cost of energy is a significant cost component of our manufacturing operations. Cost of fuel has a direct impact on our distribution costs and keeps escalating every year.

However I am pleased to mention that our sales turnover increased to Rs 5.2 Billion recording an increase of Rs 667 Million over the previous year. The growth is approximately 15%

	2012/13	2013/14	Increase	Growth
	Mn	Mn	Mn	
Sales	4,565	5,232	667	15%
GP	717	856	139	19%
PBT	284	324	40	14%
PAT	204	228	24	12%

Sustainable growth in key result areas as indicated in the above chart. Sales 15% growth, GP 19%, PBT 14% and NP 12% growth over the previous year.

We continued with our internal controls to reduce operating costs by improving our efficiencies, minimising waste etc.; many sales promotional campaigns were carried out to create more consumer awareness to achieve this remarkable turnover of Rs 5.2 Billion.

“I am pleased to inform you that your company had sustainable growth in key result areas topline 15%, GP 19%, PBT 14% and bottom line 12%”

Prudent and tight controls in Debt management and collection helped us to improve the cash flows and this resulted in less utilisation of bank facilities thereby bringing our interest costs down.

Expansion Program

Many new products were introduced to the market. GLS and CFL Bulbs were introduced under the Kelani Lighting Brand. The product is well accepted by the consumer and happy to note that our distribution network is being expanded at the moment to reach a greater segment of the consumers.

The Kelani insulating tape introduced has been well accepted and is available islandwide.

Schneider range of products has grown steadily and adds muscle to our trading activities.

Acquisition of Land

Land in extent of app 1 ¾ acres adjacent to our Factory was acquired and being developed to expand our operations.

Chairman's Review

“I am pleased to record that your company surpassed the Rs. 5 Billion turnover and it is indeed a great performance by the the Kelani Team”

Share Performance

Our share market value increased during the year. From a basic earnings per share at 9.38 increased to 10.46 during the year. Your share fared well during the year and traded between Rs 62/- and Rs 90/- and closed at Rs 80/- per share.

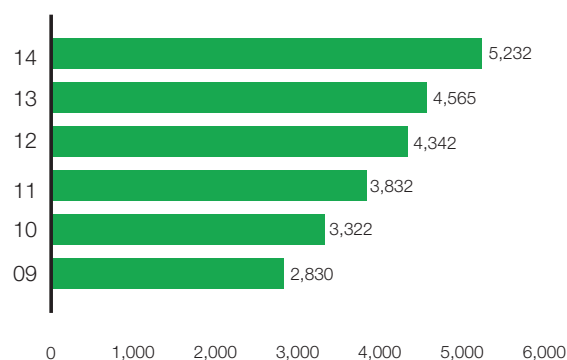
Achievements

We continue to maintain a high standard in our manufacturing practices. The 5S and Kaizen concepts are diligently followed. Employees are rewarded and appreciated for good Kaizen projects. We have in place the ISO 9001/2008 and ISO 14000/2004. Compliance audits are carried out to ensure adherence to the given standards.

Human Resources

For the first time in the history of your Company we won a GOLD award at the annual competition for good HR practices conducted by the Sri Lanka Institute of Training and Development. We were subjected to a very tough audit procedure that lasted one day.

Turnover (Rs. Mn)



Marketing

Your Company won a GOLD award at the annual SLIM BRAND EXCELLENCE competition 2013 in the B2B category after eight years of persistence. Kelani was adjudged as the best entry KIT from 127 entries in this category. This is the most looked forward to event in the calendar of the Sri Lanka Marketing Institute.

Environment

Kelani Cables PLC was recognised for “EXCELLENCE IN ENVIRONMENTAL SYSTEM COMPLIANCE - GEOCYCLE” competition conducted by Holcim Sri Lanka.

Future Outlook

A clear strategic direction has been set for the growth of your Company. More effective utilization of resources to increase our market share locally as well as internationally is already in place.

In Appreciation

As I acknowledge the close of another financial year, I wish to express my gratitude to Board of Directors and the Chief Executive Officer, Mahinda Saranapala for their unwavering support and guidance throughout the year. I would also like to thank our employees for their invaluable contributions towards the company's growth, their commitment & loyalty. My sincere appreciation to our valued customers, distributors, dealers, bankers and suppliers for their support during the year. I also acknowledge with gratitude the trust of our shareholders in the Management and the Board of Directors.

**Upali Madanayake**

Chairman

Colombo

21st August 2014



CEO's Review

It gives me great pleasure to announce another year of favourable financial results for the year 2013/14.

We are proud to announce that your Company performed extremely well in spite severe competition in the local market .Our team rallied round and helped to steer the company towards achieving a budgeted turnover of Rs 5.2 Billion. It was indeed a great performance by our dedicated team. They carried out all the tasks set before them with good planning and execution.

Based on our theme of sustainable growth & profits, we were able to achieve favourable results year after year.

	2012/13	2013/14	Increase	Growth
	Mn	Mn	Mn	
Sales	4,565	5,232	667	15%
GP	717	856	139	19%
PBT	284	324	40	14%
PAT	204	228	24	12%

The competition in the local market is severe and however due to our sustained efforts we were able to maintain our market share with a well-coordinated advertising and promotional campaign. Our products were well distributed in all parts of the country. Significant growth in Institutional Sales, CEB/LECO, and Export Sales were recorded.

Achievements

After 8 years your company bagged the coveted GOLD AWARD in the SLIM BRAND EXCELLENCE B2B category during the year. We won the best entry kit out of 127 competitors in the same category. Our team with meticulous planning and preparation achieved this prestigious award and the most looked forward to event of the Sri Lanka INSTITUTE OF MARKETING annual calendar of events.

Human Resources

Continuous efforts to nurture and develop our most valued asset our employees helped us to achieve excellent performance in all our activities. Our training with internal & external resource persons on various topics with an average 10 training hours per employee is maintained.

Our relationship with our people is growing steadily and monthly JCC and Welfare meetings are held in a very cordial atmosphere.

Many activities were carried out during the period under review. The Sinhala Aluth Avurudu festival, annual Christmas party, annual employee picnic organised with the staff involvement is much looked forward to by our employees.



Sri Lanka Training & Development Institute (SLITAD) conducted a competition to ascertain good HR practices in the private sector and we took part in this prestigious competition and after a very tough audit procedure we emerged winners of the SLITAD GOLD AWARD for good HR practices. This is a creditable achievement as this was the first time that we won a GOLD AWARD for HR practices.

CEO's Review

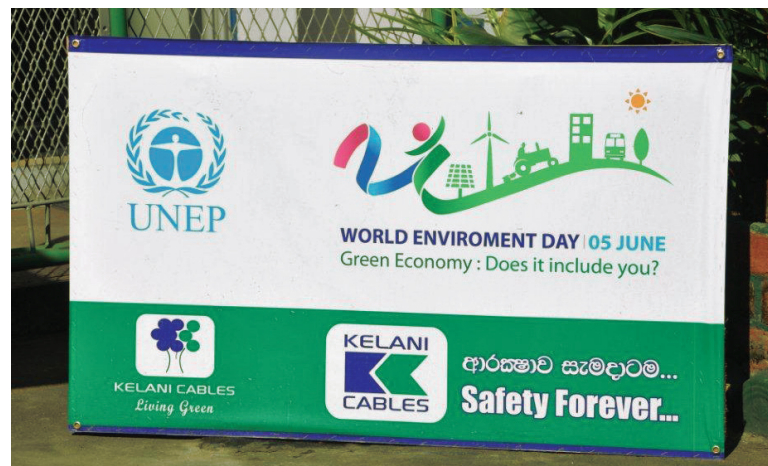


Your Company diligently adheres to the Japanese 5S and Kaizen concepts and we believe in continuous and never ending improvements in our manufacturing facilities creating quality working environments thus enabling our people to perform at peak levels. We reward those implementing Kaizen improvement projects every year. The safe working conditions and safety equipment has been provided to ensure the safety of our people. Regular awareness programs on safety are carried out by experts in Health & Safety management.

We are committed to maximise the utilisation of our resources, to drive your Company towards greater success during the next financial year.

Environment

Many initiatives in Environment related areas such as conserving water, energy, reduction in solid waste are in place and monitored to ensure maximum compliance. Regular audits by our staff is carried out to ensure compliance.





Achievements

Award of excellence in the GEO CYCLE competition conducted by Holcim, year 2013

Merit award for Cleaner Production at the annual competition conducted by National Cleaner Production Centre in the Year 2013

Future Outlook

We are committed to maximise the utilisation of our resources, to drive your company towards greater success during the next financial year. Greater emphasis will be on how to streamline our operations and look for opportunities to improve our bottom line and maximise value for our shareholders. In this context we will harness the talent and skills of our people to push beyond boundaries. Change management strategies will be utilised to build on the rock solid fundamentals in place.

Appreciation

In conclusion I wish to place on record the support and guidance given by the Chairman, Deputy Chairman, The Board Of Directors throughout the year and their invaluable contributions in driving your Company towards success. The support of our dynamic "Team Kelani" is appreciated very much and extend my sincere gratitude to every one of them for helping us to achieve company objectives.

Last but not least, I would like to extend my sincere appreciation to all business partners, all institutes, suppliers, Banks and all other government agencies for their continued support and finally to all our customers for the confidence placed in our products and services.

Thank you,

Mahinda Saranapala
Chief Executive Officer

Colombo
21st August 2014

The Board of Directors



Left to right

Mr. Upali Madanayake Chairman, **Dr. Ranjith Cabral** Director, **Mr. Suren Madanayake** Deputy Chairman, **Mrs. N. C. Madanayake** 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 these properties were taken over by the State under the Land Reform Law of 1972. He continues to take an active interest in agriculture.

Later, he was appointed to 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 1978, and Chairman/ Managing Director in 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.,

and ACL Kelani Magnet Wire (Private) Limited. He is a Director of Ceylon Bulbs & Electricals Ltd.

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

Mr. Suren Madanayake

Deputy Chairman

Mr Suren Madanayake qualified as a Mechanical Engineer from the University of Texas, at Austin USA. He was appointed to the Board of ACL Cables Ltd in 1991 and appointed as a Managing Director in 2005. When ACL Group acquired Kelani Cables Limited, in 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.

He is the current Managing Director of ACL Plastics PLC, Ceylon Bulbs & Electricals Ltd, and Director of ACL Metals & Alloys (Pvt) Ltd, ACL Polymer (Pvt) Ltd, ACL Kelani Magnet Wire (Pvt) Ltd and Ceylon Tapioca Limited and also serves as an Independent Non-Executive Director at Union Bank PLC and as the Chairman of CCC Foundation, a charitable organization.

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., 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 Science Graduate from University of Ceylon and holds a Doctorate 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 and the University of Colombo and currently of the Board of Faculty of Science, in the University of Kelaniya and member of the Advisory Board of Department of Industrial Management at University of Kelaniya.

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 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 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 the Deputy Chairman of the Public Utilities Commission of Sri Lanka, Chairman of DRTV Products Ltd and serves in the Boards 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

Left to right

Mahinda Saranapala (Chief Executive Officer), Hemamala Karunasekara (Chief Financial Officer),
Anil Munasinghe (General Manager - Marketing), Upul Mahanama (General Manager - Operations)



Left to right

Abhaya Ranawaka (Manager - Projects & Engineering), Devinda Lorensuhewa (Marketing Manager Exports), Sajeewa De Zoysa (Manager Procurement), Palitha Ethulgama (Marketing Manager Projects)



Senior and Middle Management Team

Left to right

Gihan Wijerathne (Manager - Plant 1), Kumara Withanarachchi (IT Manager),
Namalke Ekanayake (Manager - Plant 3), Narmal De Zylva (Stores Manager),
Shyama Perera (Manager Technical Service), Ralph Rajasundaram (Sales Controller),
Rohana Wadduwage (Sales Manager - Power & Energy Sector)



Left to right

Asela Jayatillaka (Accountant), Sagara Balasuriya (Manager - Transport),
Gihan Vidanagama (Human Resources Development Manager),
Channa Jayasinghe (Manager - Brand Development), Ajantha Yainna (Sales Manager - Lighting),
Chinthaka Fernando (Asst. Manager - Quality Assurance),
Chaminda Waidyathillake (Sales Manager Distribution), Pradeep Roshantha (Asst. Manager - Plant 2)



Business Review and Marketing Strategy

Business Overview

The year under review was probably one of the most challenging, with changes in several macro environmental factors. Your Company however remained optimistic and continued to strengthen the Kelani brand as a household name in Sri Lanka.

All competitors in the industry continued to adopt a strategy of heavy price discounting, which even resulted in certain unethical practices. Our strategy on the other hand was to compete on value addition, rather than price and offer our customers and consumers an excellent value proposition in terms of product quality, service quality, personalised and fast service and high tech products.

In a market comprising of six cable manufacturers, your company's objective was to further differentiate the Kelani brand and to strengthen the brand positioning. Hence, an integrated marketing strategy was executed, which enhanced brand equity.

As a leading corporate in the industry, we continue to adopt a triple bottom line approach, focusing on people, the planet and profits. Hence, a stakeholder approach was implemented, to build and strengthen our relationships with all our key stakeholders, for mutual benefit.



B2B Brand of the year - Gold award Winner at SLIM Brand Excellence 2013

Marketing Strategy

As stated earlier, the prevalent situation of heightened competition and greater price sensitivity, necessitated the adoption of an integrated marketing strategy. The overall objectives of the marketing strategy were,

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

We are happy to state that the integrated marketing strategy has delivered satisfactory top-line and bottom-line growth and reaffirmed the Kelani brand as a powerful force in the extremely competitive cable industry.

Market Segments

Our marketing strategy targets four main segments.

1. Institutional Markets

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 decentralised and team leaders empowered operationally.

The Institutional Market segment recorded excellent growth during the year under review, due to dynamic selling, world class service, customised 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. The support staff at the Projects division was strengthened, in order to provide the sales team greater mobility and flexibility.



Kelani Knowledge forum 2013 at Hotel Waters Edge

2. 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. Two taxi's were branded, dealer boards provided, customer forums were conducted and poster campaigns were also conducted. These market focused strategies resulted in commendable increases in sales.

Several shipments were made to Australia and the Kelani brand / product quality was very well accepted. Pricing remains a challenge in conquering the Australian market and we are hopeful of continued growth in the years ahead. Bangladesh was a new market which was focused and we are happy to record that regular

shipments were made during the year under review. Your Company has allocated resources to this market and no doubt the results will be seen in the years ahead.

In addition to the Maldives, Bangladesh and Australia, markets such as Dubai, Seychelles and South Africa were penetrated and shipments made. Exports will continue to be focused upon in the future financial years and your Company is confident of excellent results in this sector.

3. 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.

4. Distribution

This segment faced very difficult market conditions with sluggish demand and tight liquidity. After a difficult second quarter, this segment performed well during the second half of the year under review. Every effort was made to increase product availability, enhance productivity of the sales team, increase distributor profitability and productivity and retain dealer loyalty.

We are happy to state that the Kelani distribution sales team is a highly dedicated and well trained sales team, supported by a reliable distributor network. Hence, this segment will no doubt continue to perform well in the years ahead.

During the year under review, brand visibility in the distribution market was improved dramatically. The Kelani branding is now visible within retail outlets and outdoor as well. Brand visibility was supported with a mass media advertising campaign, which no doubt increased brand awareness, recall and equity.

Business Review and Marketing Strategy

New Products



Launch of Kelani Lighting

In the year under review we introduced bulbs both GLS & CFL, under the Kelani brand. This product range was introduced based on the market potential and the ability to leverage to the Kelani brand equity. The results to date has been very encouraging and consumers have accepted the Kelani brand, in terms of quality safety and durability. We are confident that this product range will continue to deliver excellent top line and bottom line results.

Innovation and new product development have always been part of the marketing strategy of your Company and will continue to be so in the years to come.

Brand Building

In keeping with the belief that the brand is a key asset of an organisation, your company continue 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.

Kelani brand visibility has been increased dramatically in the market and this has no doubt helped to increase consumer and dealer loyalty. The positioning of the Kelani brand continues to be associated with safety at all times.



Best Entry of the year - Gold award winner at SLIM Brand Excellence 2013

Internal Marketing

The employees of Kelani Cables are the Company's most effective brand ambassadors and several initiatives have been 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

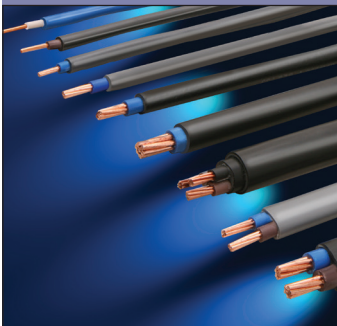
The backbone of your Company's marketing strategy is excellent customer service. Customer service is given the highest priority and every effort is made to satisfy customer requirements and even to exceed them. Frequent customer feedback is obtained and service standards are specified accordingly.

Product Portfolio



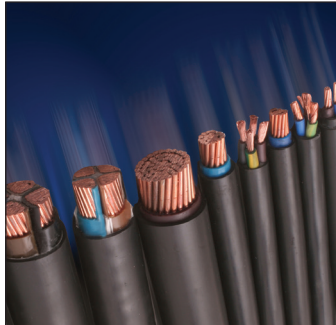
BARE CONDUCTORS

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



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.



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.

Product Portfolio



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.



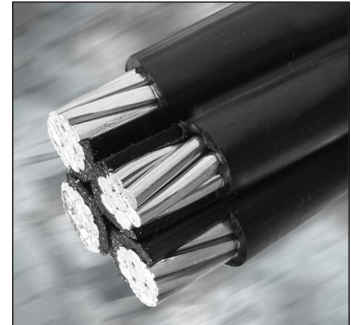
SCREEN CABLES

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



KELANI ENAMELLED WINDING WIRES

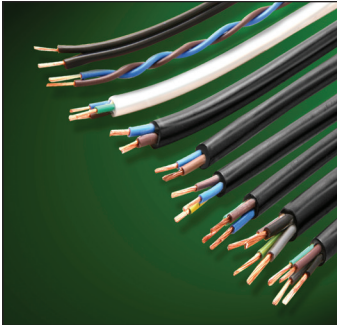
Enamelled winding wires manufactured to IEC standards. The Company holds the prestigious UL Certification for the Dual Coated Enamelled winding wires (Keldual & Kelduale).



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.

Product Portfolio



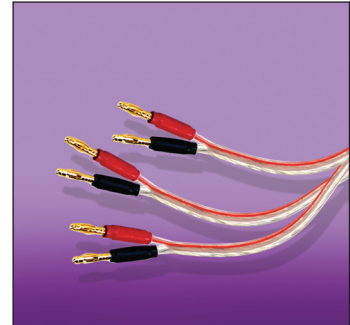
FLEXIBLE CORDS

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



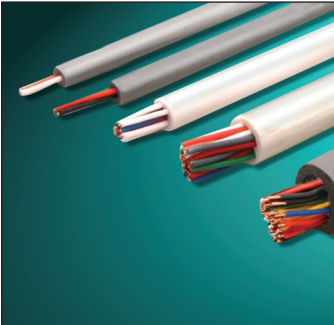
IRON CABLES

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.



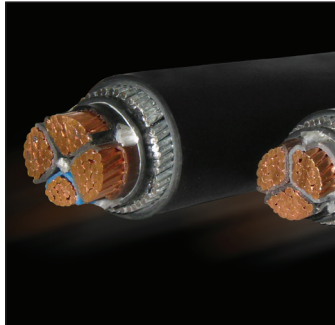
SPEAKER CABLE

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.



TELEPHONE CABLES

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



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.



CABLES TO AUSTRALIA / NEW ZEALAND MARKET

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

Sustainability Review

WE'VE SET OUR FOOT

Clear identification of the needs and expectations of all the interested parties holds the key to the sustained success of Kelani Cables and its businesses



Our approach for sustainability

While our strategy is to add value for shareholders through commercial success in production, we recognise that our social license to operate has to be earned through best practice and responsible actions in our business activities. This involves a commitment to continual improvement in our performance as regards business ethics, human rights, employees, health, safety, environment and community investment. We remain focused on applying the high standards necessary to maintain our reputation as a responsible cable manufacturer. With a vision focused on a sustainable future and dedicated mindset we are achieving these high standards gradually. This happens in many dimensions and in many levels. During a 45-year-long history we have been in business, we have proven our ability to deliver value to all our stakeholders through sustainable business management. Clear identification of the needs and expectations of all the interested parties holds the key to the sustained success of Kelani Cables and its business.

Stakeholder Dialogue



Customer centricity and customer satisfaction

Kelani Cables customer centric approach is sustained by the constant analysis of customer needs throughout the entire life cycle of the product, from design to installation, providing service levels in line with customer expectations that are monitored with respect to predetermined and agreed parameters. Kelani Cables aims to be the preferred supplier where customer satisfaction is concerned. To achieve this, we do regular monitoring of key service indicators, such as on time delivery, speed of complaint handling and flexibility on customised product requests. We have also conducted Market specific customer satisfaction surveys to identify opportunities for improvement and to explore new markets.



Training program for school children on environmental conservation and cleaner production

The following table depicts the various methods by which Kelani Cables engage with its important stakeholder groups.

Stakeholders	Method of engagement
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Quarterly Reports • Company website
Customers	<ul style="list-style-type: none"> • One-to-one interviews • Kelani Electricians Club • 24h free technical assistance • Customer satisfaction surveys • Dealer conferences • Exhibitions and trade fairs • Attending to complaints
Employees	<ul style="list-style-type: none"> • One-to-one interviews • Joint Consultative Committee • Welfare committee • Employee self-service portal • Open door policy • Annual performance review • Annual employees gathering • New year party • Christmas day function • Employee suggestion books
Suppliers	<ul style="list-style-type: none"> • On site visits from major suppliers and onsite visits to major suppliers
Community	<ul style="list-style-type: none"> • Company website • CSR activities
Regulatory and government agencies	<ul style="list-style-type: none"> • Periodic meetings and discussions

Sustainability Review






Product Responsibility

When it comes to product responsibility we consider a combination of three things: the greatest possible customer benefit, the highest safety standards, and maximum environmental compatibility. To achieve this goal, we depend on product development based on international standards, rigorous testing and innovative concepts.

Locally made; internationally recognized

Cables are designed with safety in mind. We always assure a safe cable for our customers both in residences wiring and commercial wiring. Through extended use of international standards and rigorous testing, we ensure a cable that not only fulfills building safety requirements but exceeding expected value with extended operating life. Cables manufactured by us are tested to, British Standards (BS), Australia/New Zealand Standards (AS/NZS), International Electro technical Commission (IEC), ASTM international (ASTM) and Underwriters Laboratory (UL) and much more. Further, several lines of our products are Sri Lanka Standards (SLS) certified.

SLS certified cables

				
1143	1186	412	733	750
FLEXIBLE CORDS	ARMoured CABLES	AUTO CABLES	PVC INSULATED	ALUMINIUM CONDUCTORS

UL recognized & ROHS compliant EWW

Kelani Cables is the pioneer in Enamelled (Magnet) wire manufacturing in Sri Lanka. Manufactured in extremely controlled environments and tested to most extreme conditions, Keldual® and Kelduale® holds for itself the most prestigious UL recognised component mark. It is also a European Union's hazardous waste regulation - ROHS compliant product.

Lead free submersible cables

Lead contained cable coverings are not biodegradable and there are real concerns in some countries that buried lead can irreversibly contaminate underground water tables. Distinguished by its unique Blue outer cover sheath, the Kelani submersible cable range carries no Lead in its outer cover sheath. Thus is the safe cable choice for powering centrifugal pumps used for wells and tube wells reducing the risk of water contamination in underground water table.



eco-friendly cable solutions that meet international standards

Product information & consumer communication

We provide our customers with necessary information on cables and other products that are required to ensure safety while storing, installing, operation and if required disposal. Voltage category is a necessary indication in product labeling to avoid damage to humans and equipment by misusing cables. Product catalogues are available in Sinhala, Tamil and English languages with information understandable by both experts in the field and common consumer.

Free Technical Service

Our emphasis is on customer's safety in use of wiring. We offer free technical service on cable selection for local and international customers. Our technical service hotline is available 24x7 to provide our customers a total cable solution. This service is further extended by means of technical seminars for engineers and electricians.

Technical seminars and Knowledge forums

Stakeholder dialog with professionals of the electrical field is a must for understanding their requirements, future needs, trends and developments. Through these seminars we guide them to select cables most suitable for their applications. We conduct regular trainings and seminars for members of Kelani Electricians Club members to arm them with industry new developments and enhancing their professions.



Cleaner & Greener



We at Kelani Cables celebrated World Environment Day (WED), a registered event of United Nations Environment Program (UNEP). On WED, we planted trees in the newly acquired land, continuing from previous year's tree planting campaign. We also organised a shramadana in the Company premises that involved activities of finding and destroying mosquito breeding places. This was extended to cleaning the bio diversity rich area surrounding the factory premises.

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.
- Minimise 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.

Sustainability Review

Geo Responsibility Awards 2014



Kelani Cables was awarded the performance excellence in environmental management system compliance at the Geo Responsibility Awards 2014. The 3rd Geo Responsibility Awards was held at Mihilaka Medura (BMICH) on 21st of March 2014 with First Lady, Mrs. Shiranthi Rajapaksa as chief guest. The event was hosted, in collaboration with the Ministry of Environment which observed the entire process of evaluation and selection for Geo Responsibility Awards.

National Cleaner Production Awards 2013



Commencing in 2011, we have been on a long journey with cleaner production and resource efficiency (RECP). Kelani Cables works in a mutually beneficial relationship with National Cleaner Production Center (NCPC) by providing their CP

experts the industrial knowledge and space for work studies for university freshmen. NCPC assisted us in developing and establishing criteria for structured and effective monitoring systems for internal water use, electricity distribution and waste stream identification. Effective implementation of CP and the gains thereof by the company led us to secure a merit award at the National Cleaner Production Awards 2013.

The value of the water is when the well runs dry



Clean water is a scarce resource. Knowing this we have taken a number of measures to minimise water waste. We have installed sub meters covering almost all areas of operation. Water saving programs is then implemented for areas where significant water consumption is recorded. Another area focused on, is reducing the usage of city water by using well water.

Waste is a valuable resource



Waste is a resource most of us don't know how to make use of. Inside our company premises waste is segregated according to its type. This easy identification and proper management of waste helps find ways to reduce burden on the environment and community caused by improper disposal. Segregated waste is either reused/recycled or disposed environment-friendly. Even leftover food is used to generate Biogas which is consumed for cooking in the Company canteen. A4 papers (non-confidential) are given free to a local recycled paper producer.

Good air-good neighbour

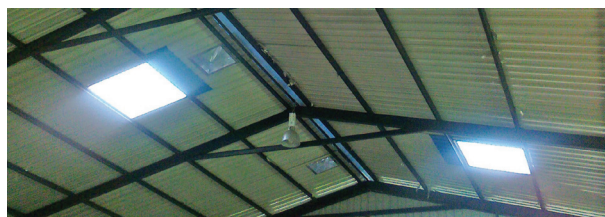
Ambient air quality within the company premises is regularly monitored to ensure no significant pollutants are emitted or in circulation. In accordance with the CEA requirement, when tested our TVOC (Total Volatile Organic Carbon) report from the ITI laboratory shows that levels existing inside Company premises are well within the specified limits. All vehicles in the Company fleet have successfully undergone emission test.

We continue to regularly monitor the air quality and to assess our environmental aspects to ensure no adverse impact is made to air quality through our operations.

Prevention of pollution

We always thrive to operate with lowest adverse impact on our surrounding including our neighbors. We have implemented structural and procedural pollution prevention methods in almost every environmental aspect we have identified and we have control upon. Our engineering team was able to reduce noise emission by means of constructing an additional boundary wall and modification of machines using sound barriers.

Life without energy



Daylight used optimally by illumination through Skylights

During the year under review, in line with our objectives set for the year, we engaged in several programs for reducing electricity usage. These projects included replacing old motors with efficient motors, replacing fluorescent lamps with LED lamps and most notably, day light harvesting via skylights. The use of skylights maximizes daylight usage, thereby eliminating electricity consumption for lighting during the day. We are also conducting a pilot project on solar lighting panel connected to LED lamps.

We expect annual Electricity saving of 83,295 kWhr (LKR 1.03 Mn) as a result of these projects.

Our focus on further energy efficiency is imminent in the future years with the company's self-developed ISO 50001 Energy management system. This will most likely be certified by a third party in 2014. This system will ensure further improvements in energy-efficient procurement, an online electricity consumption monitoring system and introduction of renewable and clean energy.

Sustainability Review

Our People

A year of achieving success – together

We believe that our biggest and most valued asset is our people. It is their unstinted efforts, their knowledge and their skills that drive the success and the progress of our Company. Their collective passion to perform beyond expectations continues to help us achieve our goals. In turn, we are equally committed to fulfilling our responsibilities to all our employees – facilitating their learning and development to nurture a highly skilled and motivated team: a team that sets their targets high, and strives to achieve them. It is our vision to be a company with the best HR practices in the industry and we endeavour to create an environment where our people can grow – personally and professionally, and perform to the best of their abilities.

Training and Development

At Kelani Cables, we harness the talent of our people and ensure that they understand the value of their contribution to our success. During the year under review, training and development was focused at all levels to meet changing business needs. Through the training need analysis derived from the annual appraisal system, customised and specialist programs relating to personality development, managerial competency development, and time management were conducted. In addition, customer service, motivation and attitude development programmes were conducted to upgrade the skills

of our island wide sales team. English training was also given to all clerical grades to uplift their communication levels. Managers were sent to a special training program on team building and leadership to further enhance their capabilities. This outbound training program was facilitated by Wild Drift at Belihuloya.

We believe that health and safety of employees must be guaranteed within communities and in the workplace, and at Kelani Cables, our growing focus on health and safety has led to teams applying world-class exercises, operational tools and training in their day to day activities. Furthermore, an awareness session on building a safe and healthy work place was conducted by the Employer's Federation of Ceylon (EFC). PPE trainings, Fire trainings, First Aid trainings, 5S trainings and ISO Internal auditor trainings, were carried out during the year.

A training program was conducted on LEAN and Six Sigma to build team awareness on cost reduction. Managers were also sent on overseas training to further enhance their technical capabilities and learn global practices. Additionally, an executive program for Production Management was conducted by Human Resources and Industry Development Association (HIDA) Association for Overseas Technical Scholarships (AOTS) in JAPAN.

Affirming our endeavours at best HR practices, Kelani Cables won the coveted GOLD award at





Peoples Development Awards 2013 which was organized by the Sri Lanka Institute of Training and Development. This was a fitting tribute to our aim to always train and retain the best, encouraging and helping our people to excel; developing their confidence and competencies towards further growth and expansion.

The Kelani Cables Family

We are deeply committed towards providing our people with a healthy work-life balance for both professional and personal development, providing our employees with many formal and informal opportunities to interact with each other, outside the workplace.

To build on staff relationships, the welfare society organised a fun filled “Family Day” for all employees including their families at Laya Leisure Hotel, Kukuleganga.



The much awaited Christmas Party was also celebrated this year with games, entertainment and distribution of gifts, and was well patronised by all employees including their families.

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 University were awarded scholarships.

During the year under review, the Welfare Society took a decision to extend the activities to organizing a Medical campaign for all employees in collaboration with the Royal College Doctors



Sustainability Review



Association. All consultations were conducted at this event including Dental and Eye Care.

The Joint Consultation Council celebrated its 10th Anniversary on this year, 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.



Future Outlook

During the year past, our efforts towards building our team and motivating them to succeed proved effective as well as rewarding; helping us to achieve recognition in the industry and respect amongst our peers. Our commitment towards maintaining best HR practices will certainly continue and our dedication to reach the highest of goals will strengthen too. We have invested in building a great team of united and passionate people and we shall endeavour to further nurture their progress through efficient HR strategies that will benefit our people as well as drive our company objectives in the years ahead.





Community

For the 7th consecutive year our unique initiative “Kelani Saviya” set up to promote professionalism in the electricians’ occupation was conducted by under the patronage of Vice Chancellor, university of Peradeniya, Prof. S.B.S. Abeykoon one of the key founders of the program. During the year review the sixth batch was commenced with 57 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 registered 250 students from across the island to date, with over 100 achieving the required goals and completing the all three levels to obtain full qualification. We have plan the above unique initiative to be expanded to Northern Province in university of Jaffna in July 2014, under the name of “Kelani Shakthi”.

Apart from the above our technical service engineers host knowledge sharing seminars for engineers from the Ceylon Electricity Board as well as students from the technical colleges.



Passed student of Kelani saviya 5th Batch on their certification awarded date in Jan 2014, At the hotel Galadari Colombo.



Kelani Electricians' Club

Our pioneering effort towards raising the standards of electricians, both professionally and socially, completed another successful year by conducting 14 seminars throughout the country with over 100 participation attending each. These covered the area of usage, safety and conservation of electricity.

The Company has awarded and continuing till their advanced level exam, 33 scholarships to children of the electricians who have successfully completed the year 5 scholarships, in keeping with the club's objective of raising the profile of electricians and helping to uplift their social standing. 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.



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 informs 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	Description	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	<p>Company closely monitors competitor's activities and strategies. This includes review of market share and performance.</p> <p>Strengthen market position by improving brand image and ensuring availability of the products in various parts of the country.</p> <p>Reduce dependency on one segment by balancing the focus to other segments to create more revenues.</p>
Fraud Risk	Losses arising from fraud, human errors, inefficient processes, natural perils and loss of sensitive information	<p>Conduct periodic internal audit reviews and report to the Audit Committee</p> <p>Maintain a business continuity plan to ensure disaster preparedness</p>

Risk category	Description	Strategies and Mitigating Actions
Human Resource Risk	Impact on business competitiveness due to difficulties in recruiting/retaining required talent	<p>Effective communication lines are developed in the company's culture to foster good employer employee relationships.</p> <p>Regular training programs are carried out in order to infuse motivation, commitment and empowerment among the staff.</p> <p>Career planning and performance based reward systems</p> <p>Maintain healthy and cordial relationship with employees at all levels through joint consultative committees and welfare activities.</p>
Liquidity and Credit Risk	Risk of not being able to generate a positive cash flow	<p>Regular financial planning and monitoring systems</p> <p>Trade cycles are analysed with a view to generating liquidity from operations and thereby mitigating liquidity risk</p> <p>Credit risks are assessed, credit limits are set and credit granted is closely monitored</p> <p>Effective business specific credit policies</p> <p>Bank guarantees are obtained to reduce credit exposure</p> <p>Export credit is backed by letter of credits or on cash basis in order to minimise inherent risks</p>
Exchange Rate Risk	Losses due to unfavorable movements in exchange rates	Effective management of exchange rate exposure using financial risk management tools
Asset Risk	Potential losses that may be caused due to machine breakdowns and damages from fire, flood or theft	<p>Obtain comprehensive insurance covers for plant, machinery and inventory.</p> <p>Carry out planned preventive maintenance programs at regular intervals</p> <p>Maintain firefighting equipment within standards</p> <p>Upkeep security precautionary systems</p>

Risk Management

Risk category	Description	Strategies and Mitigating Actions
Technological and Quality related risk	Possibility of products or processes being outdated or obsolete due to advanced technology	<p>Manufacture products conform to latest national and international standards.</p> <p>Keep pace with current technological developments in the industry.</p> <p>Upgrade knowledge of technical staff through international exhibitions, trainings and seminars</p> <p>Obtain national and international product certifications to ensure quality and safety.</p> <p>Ensure strong supplier and customer relationship to meet customers changing requirements and suppliers new developments.</p>
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	<p>Conduct regular planning meetings to plan production in line with sales demand in order to reduce items made for stock</p> <p>Ensure required quality standards are met at all stages of inventory to verify quality and maintain until the product is delivered</p>
IT Systems Failure Risk	Risk of IT not being available to support the operation	<p>Data back ups are stored in outside locations</p> <p>Mirroring of hard disks with critical data</p> <p>Vendor agreements for support services and maintenance</p> <p>Regular upgrading of virus scanners and firewalls</p> <p>Upgrading of software with new release</p>
Environmental Risk	Risks associated with environmental emissions and the related risks due to regulations, perceived threats etc	<p>Ensuring compliance to applicable legal and other requirements</p> <p>Setting environmental objective targets and programs to mitigate the environment impact.</p> <p>Independent review and monitoring of internal control systems and monitoring/ measurement of environmental performance</p> <p>Educating staff on emergency preparedness</p> <p>Practicing the 3R concepts : reduce, reuse and recycle of resources.</p> <p>Disposing of waste in the best possible environmental friendly way</p>

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 Corporate Governance the Company follows an approach that complies with the Code of Best Practice

on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka as well as the disclosure requirements of the Colombo Stock Exchange.

Given below is the compliance status for each of the Corporate Governance Principles as identified in the Corporate Governance Best Practices by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Corporate Governance Principle	Compliance Status	Kelani Cables PLC's Compliance
A: DIRECTORS		
Principle A 1-THE BOARD: Every public company should be headed by an effective Board, which should meet regularly, direct, lead and control the Company.	Compliant	Kelani Cables PLC is headed by a five member Board of Directors of which two are Independent Directors.
Frequency of Board Meetings	Compliant	The attendance of Directors at the Board and Committee meetings during the year under review are given on page 40.
The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risks to be assessed and managed.	Compliant	Board provides leadership to the Company, monitors risk management and ensures that oversight is maintained at high risk areas.
Compliance with Applicable law	Compliant	The Board ensured in the year under review that the Company adhered to all applicable laws and regulations.
Company Secretary	Compliant	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.

Corporate Governance

Name of the Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Executive Directors			
Mr. U.G.Madanayake-Chairman	10/12	-	-
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	4/4	-
Dr. Ranjith Cabral	12/12	3/4	-
Non Executive Directors of Holding Company			
Mr.Ajit Jayaratne	-	4/4	1/1
Mr.Rajiv Casie Chitty	-	-	1/1

Corporate Governance Principle	Compliance Status	Kelani Cables PLC's Compliance
Principle A.2- CHAIRMAN AND CHIEF EXECUTIVE OFFICER(CEO): There are key tasks at the top of every public company-conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one has unfettered powers of decision.	Compliant	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.
Principle A3-CHAIRMAN'S ROLE: The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	Compliant	Chairman facilitates effective discharge of Board functions.
Principle A.4-FINACIAL ACUMEN: The Board should ensure availability within it of those with sufficient Financial acumen and knowledge to offer on matters of finance.	Compliant	The Board includes directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters.

Corporate Governance Principle	Compliance Status	Kelani Cables PLC's Compliance
Principle A.5-BOARD BALANCE: It is preferable for the board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking process.	Compliant	The Board consists of two Independent Non-Executive Directors, one Non-Independent Non-Executive Director and two Non- Independent Executive Directors.
Principle A.6-SUPPLY OF INFORMATION: The Board should be provided with timely information in a form and of quality appropriate to enable it discharge its duties.	Compliant	The Board is provided with timely information.
Principle A.7-APPOINTMENTS TO THE BOARD: There should be a formal and transparent procedure for the appointment of new Directors to the Board.	Compliant	The appointments to the Board is undertaken by the Board itself, taking into consideration the Board composition required and the strategic input required. All Board appointments are informed to the SEC as per the existing regulations. This is done according to Articles of Association.
Principle A.8-RE-ELECTION: All Directors should be required to submit themselves for re-election at regular intervals and at least once every three years.	Compliant	This is done according to Articles of Association.
Principle A.9-APPRAISAL OF BOARD PERFORMANCE: Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	Compliant	Minutes are circulated in advance with report on performance for each Board member, hence on perusal of the continuous subsequent minutes the Board members review their own performance.
Principle A.10-DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS: Shareholders should be kept advised of relevant details in respect of Directors.	Compliant	All Directors have declared their details in page 12 and 13 under Director profiles.
Principle A.11- APPRAISAL OF CHIEF EXECUTIVE OFFICER (CEO): The Board should be required, at least annually, to assess the performance of the CEO.	Compliant	Board assesses the performance of the CEO.

Corporate Governance

Corporate Governance Principle	Compliance Status	Kelani Cables PLC's Compliance
B: DIRECTORS' REMUNERATION		
Principle B.1- REMUNERATION PROCEDURE: Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	Compliant	Details of the Remuneration Committee and the Statement of Remuneration policy are provided in the Annual Report. Executive Directors of the Company have acted in an honorary capacity and no remuneration was paid to them during the year under review.
Principle B.2-THE 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 Director s' remuneration should be structured to link rewards to corporate and individual performance.	Compliant	The aggregate remuneration paid to Executive and Non Executive Directors are disclosed on page 67 of this Report and this consists Directors fees for attending Board meetings.
Principle B.3- DISCLOSURE OF REMUNERATION: The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.	Compliant	
C: RELATIONS WITH SHAREHOLDERS		
Principle C.1- CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM): Boards should use the AGM to communicate with shareholders and should encourage their participation.	Compliant	The active participation of shareholders at the AGM is encouraged.
Principle C.2-COMMUNICATION WITH SHAREHOLDERS: The Board should implement effective communication with shareholders.	Compliant	Circulars/relevant information were sent to shareholders when required and as per CSE listing requirement.

Corporate Governance Principle	Compliance Status	Kelani Cables PLC's Compliance
Principle C.3: MAJOR AND MATERIAL TRANSACTIONS: Further to complying with the requirements under the Companies Act, Securities and Exchange Commission law and Colombo Stock Exchange regulations: as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/ vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated group net asset base.	Compliant	All contingencies and capital commitments for future periods are disclosed in the Notes No: 37 and 36 to the Financial Statements.
D: ACCOUNTABILITY AND AUDIT		
Principle D.1- FINANCIAL REPORTING: The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Compliant	An assessment of the financial position of the Company is included in the Annual Report of the Board of Directors.
Principle D.2- INTERNAL CONTROL: 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.	Compliant	The Board facilitates the risk management process. Board oversight is achieved through the Internal Audit function.
Principle 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.	Compliant	Audit Committee Report on page 47 and the CSE adherence note 7.10.6 addresses this section in full.
Principle D.4- CODE OF BUSINESS CONDUCT AND ETHICS: 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.	Compliant	The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission is adopted by the Directors who then ensure that the company employees behave ethically.
Principle D.5- CORPORATE GOVERNANCE DISCLOSURES- Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance.	Compliant	Adhered to as per the Corporate Governance report in the Annual report page 39.

Corporate Governance

Corporate Governance Principle	Compliance Status	Kelani Cables PLC's Compliance
E: INSTITUTIONAL INVESTORS		
Principle E.1 - SHAREHOLDER VOTING: Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensue their voting intentions are transferred into practice.	Compliant	Shareholders are welcome to express their opinions and make suggestions to fulfill this requirement.
Principle 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.	Compliant	
F: OTHER INVESTORS		
Principle F.1-INVESTING/ DIVESTING DECISION: 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.	Compliant	All individual shareholders are provided with adequate information on the performance of the Company thereby encouraging them to analyse their investments adequately.
Principle F.2- SHAREHOLDER VOTING: Individual shareholders should be encouraged to participate in General Meetings of Companies and exercise their voting rights.	Compliant	All shareholders are sent due AGM notices well in advance encouraging them to exercise their voting rights.
G: SUSTAINABILITY REPORTING		
Principles- PRINCIPLES OF SUSTAINABILITY REPORTING: The following principles will serve the entities in maintaining policies and procedures to develop sustainable business environment and to make disclosures on sustainability. Principle 1- Economic Sustainability Principle 2- The Environment Principle 3- Labour Practice Principle 4- Society Principle 5- Product Responsibility Principle 6- Stakeholder Identification, Engagement and Effective Communication Principle 7- Sustainable reporting and disclosure should be formalize as part of the Company's reporting process.	Compliant	Sustainability reporting is achieved through reporting under National Green Reporting System of Sri Lanka. Please refer the Section on Sustainability in this Annual Report for further details on sustainability related initiatives.

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	Compliance Status
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.	Compliant
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher, should be independent.	Compliant
7.10.2(b)		Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format.	Compliant
7.10.3(a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report.	Compliant
7.10.3(b)		The basis for determining the independence of Non Executive Directors, if criteria for independence is not met.	Compliant
7.10.3(c)		A brief resume of each Director should be included in the Annual Report, including his area of expertise.	Compliant
7.10.3(d)		Upon appointment of a new Director a brief resume of the Director should be submitted to the Stock Exchange.	Compliant
Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of a minimum of two Independent Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	Compliant Refer page 48
7.10.5(b)	Functions	Committee shall recommend the remuneration payable to Executive Directors and the Chief Executive Officer or equivalent role.	Compliant
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.	Compliant

Corporate Governance

CSE Rule No.	Applicable Rule	Requirement	Compliance Status
Audit Committee			
7.10.6 (a)	Composition	<p>The Committee shall comprise of a minimum two Independent Directors or of Non-Executive Directors, a majority of whom shall be independent.</p> <p>The Chairman of the Audit Committee shall be a Non-Executive Director.</p> <p>Unless otherwise determine by the Committee, the CEO and the CFO shall attend meetings.</p> <p>Chairman or one of the Committee member should be a member of a recognized professional accounting body.</p>	Compliant Refer page 47
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>	Compliant
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>	Compliant

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 page no 12, 13 and 48.

- 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 2013/2014 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 2013/2014 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 2013/2014 can be found in Note 8 to the Financial Statements.

Internal Control System

In 2013/2014 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

21st August 2014

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 Singer Sri Lanka Ltd, Singer Industries Ltd., Colombo Fort Land & Building Co. Ltd., Colonial Motors Ltd., 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 Financial Officer of the Sunshine Tea Group 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.

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 Remuneration Committee formulates the Group's policy for the remuneration of the Executive Directors of Kelani Cables PLC. It reviews the policy annually and recommends any changes to the Board for formal approval.

The Remuneration Committee determines the Company's Remuneration Policy of Executive Directors, with regard to performance standard and existing industry practice. No Executive Director is involved in deciding his own remuneration package.

Activities

The Committee considered a range of issues including,

- A review of the Director's remuneration and severance policies
- Determining the fees of Directors and
- A formal evaluation of its own performance.

Members' attendance at meetings of the Remuneration Committee in 2013/2014 is set out in the table in the Corporate Governance Report.

Executive Directors

Company's remuneration policy for Executive Directors is designed to attract, retain and motivate them to ensure that the Group is managed successfully to the benefit of shareholders. To achieve this, a competitive package of incentives and rewards linked to performance is provided.

In setting remuneration levels, the Committee takes into consideration the remuneration practices found in other leading companies and also ensures that the remuneration arrangements for Executive Directors are compatible with those for executives throughout the Group.

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

21st August 2014

Report of the Directors

The Directors have pleasure in presenting their 45th Annual Report of your Company together with the Audited Consolidated Financial Statements for the year ended 31st March 2014.

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 5 to 7), Chief Executive Officer's Review (pages 9 to 11) and Business Review and Marketing Strategy on pages 18 to 20. 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 87 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 66 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 2014.

However, these standards have not been applied when preparing the current year financial statements.

- Sri Lanka Accounting Standards - SLFRS 10 "Consolidated financial statements"

- Sri Lanka Accounting Standards - SLFRS 11 "Joint Arrangements"
- Sri Lanka Accounting Standards - SLFRS 12 "Disclosure of Interest in Other Entities"
- Sri Lanka Accounting Standards - SLFRS 13 "Fair Value Measurement"

The Company is currently in the process of evaluating the potential effects of these standards on its financial statements, with the assistance of an independent consultant.

Dividends

The interim dividend of Rs.1/50 per share for the financial year ended 31st March 2013 amounting to Rs 32.7 Mn was paid during the financial year on 12th August 2013. The Board of Directors, declared an Interim Dividend of Rs.1/50 per share for the year ended 31st March 2014 amounting to Rs. 32.7 Mn on 28th July 2014 and was paid on 18th August 2014.

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 2014 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 21 to 22 to the Financial Statements respectively.

Report of the Directors

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 33 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 12 to 13.

The Director retiring by rotation in terms of Section 85 of Articles of Association will be Dr. Ranjith Cabral 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 52 of this Annual Report.

Donations

Donations made by the Company during the year amounted to Rs. 151,000.00 (31st March 2013 Rs. 78,618.00).

Property, Plant and Equipment

The Land and Buildings of the Company were revalued in March 2012 by Mr. H.W. Wimalasena, B.Sc (Estate Management & Valuation), A.I.V.(Sri Lanka), I.C.C.(V.S.P.) Malaysia, 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 13 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 15 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 39 to 46 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 36 to 38 of this Report.

Directorate

The Board of Directors of the Company are given below and the profiles are given on pages 12 to 13 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 33 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 33 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	
	2014	2013	2014	2013
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

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.1/50 per share for the year ended 31st March 2014 which was approved at the board meeting held on 28th July 2014.

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 26 to 35 of this Report.

Auditors

The Financial Statements for the period under review have been Audited by Messrs KPMG, Chartered Accountants. Rs. 530,000.00 has been paid as Audit Fee for the year ended 31st March 2014.

Auditors relationship with the Company

Fees paid for other services in the capacity of an Auditor were Rs.220,937.00. 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 17th September 2014.

The Report of the Independent Auditors' is given on page 53. The functions of the Audit Committee are given on page 47 of the Audit Committee Report.

Notice of Meeting

The Notice of Meeting of the Annual General Meeting is given on page 92 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
21st August 2014

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 2014, 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, 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 2014 and Statements of Comprehensive Income for the year ended 31st March 2014 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 21st August 2014.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

21st August 2014

Independent Auditors' Report



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

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TO THE SHAREHOLDERS OF 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 ("the Company and Investee"), which comprise the statements of financial position as at March 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes set out on pages 54 to 87 of this Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control 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.

Scope of Audit and Basis of Opinion

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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial

statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion - Company

In our opinion, so far as appears from our examination, the Company separately and also with its equity accounted investee maintained proper accounting records for the year ended March 31, 2014 and the financial statements give a true and fair view of the financial position as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 151(2) of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

21st August 2014

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
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyratne ACA
R.M.D.B. Rajapakse ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo ACA
Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Comprehensive Income

For the year ended 31 March,	Note	Company and Investee		Company	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Revenue	5	5,231,769,357	4,565,480,772	5,231,769,357	4,565,480,772
Cost of sales		(4,375,965,028)	(3,848,123,648)	(4,375,965,028)	(3,848,123,648)
Gross profit		855,804,329	717,357,124	855,804,329	717,357,124
Other income	6	12,221,283	14,547,249	12,221,283	14,547,249
Distribution expenses		(342,531,040)	(280,997,222)	(342,531,040)	(280,997,222)
Administrative expenses		(174,744,643)	(157,576,915)	(179,744,643)	(157,576,915)
Net finance expenses	7	(22,175,493)	(8,911,946)	(22,175,493)	(8,911,946)
Share of loss on equity accounted investee, net of tax	15	(17,925,699)	(4,115,922)	-	-
Profit before tax	8	310,648,737	280,302,368	323,574,436	284,418,290
Income tax expense	9	(95,564,416)	(79,951,334)	(95,564,416)	(79,951,334)
Profit for the year		215,084,321	200,351,034	228,010,020	204,466,956
Other comprehensive income					
Actuarial loss on defined benefit plans		(5,466,048)	-	(5,466,048)	-
Tax on other comprehensive income		1,530,493	-	1,530,493	-
Total other comprehensive income for the year net of income tax		(3,935,555)	-	(3,935,555)	-
Total comprehensive income for the year		211,148,766	200,351,034	224,074,465	204,466,956
Earnings per share					
Basic/diluted earnings per share (Rs.)	10	9.87	9.19	10.46	9.38
Dividend per share (Rs.)	11	1.50	1.00	1.50	1.00

The Notes to the Financial Statements from pages 58 to 87 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	
		2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	588,800,067	512,732,973	588,800,067	512,732,973
Investment property	13	130,000,000	130,000,000	130,000,000	130,000,000
Investment in subsidiary	14	-	-	-	-
Investment in equity accounted investee	15	10,409,290	28,334,989	26,154,234	31,154,234
Total Non-Current Assets		729,209,357	671,067,962	744,954,301	673,887,207
Current Assets					
Inventories	16	1,171,036,629	1,187,319,762	1,171,036,629	1,187,319,762
Trade and other receivables	17	1,310,114,204	1,096,572,824	1,310,114,204	1,096,572,824
Amount due from related companies	18	41,854,000	42,399,788	41,854,000	42,399,788
Value added tax recoverable		170,286,098	151,884,045	170,286,098	151,884,045
Deposits and prepayments		10,618,022	8,083,782	10,618,022	8,083,782
Cash and short term deposits	19	439,739,094	561,153,293	439,739,094	561,153,293
Total Current Assets		3,143,648,047	3,047,413,494	3,143,648,047	3,047,413,494
Total Assets		3,872,857,404	3,718,481,456	3,888,602,348	3,721,300,701
EQUITY AND LIABILITIES					
Equity					
Stated capital	20	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	21	177,008,705	177,008,705	148,185,039	148,185,039
General reserves	22	431,136,000	431,136,000	431,136,000	431,136,000
Other Reserves	23	(3,935,555)	-	(3,935,555)	-
Retained earnings	24	1,519,169,142	1,336,784,821	1,563,737,752	1,368,427,732
Total Equity		2,341,378,292	2,162,929,526	2,357,123,236	2,165,748,771
Non-Current Liabilities					
Employee benefits	25	68,073,624	57,103,138	68,073,624	57,103,138
Provision for payment in Lieu of -Employee share issue scheme	26	1,969,241	2,223,061	1,969,241	2,223,061
Deferred tax liabilities	27	45,833,434	45,492,671	45,833,434	45,492,671
Interest bearing borrowings	28	77,841,000	-	77,841,000	-
Total Non-Current Liabilities		193,717,299	104,818,870	193,717,299	104,818,870
Current Liabilities					
Trade payable	29	821,201,132	797,175,531	821,201,132	797,175,531
Other payables	30	89,624,377	88,720,269	89,624,377	88,720,269
Current taxation	31	136,716,638	61,022,397	136,716,638	61,022,397
Unclaimed dividends	32	6,542,534	5,452,674	6,542,534	5,452,674
Interest bearing borrowings	28	18,000,000	-	18,000,000	-
Bank overdrafts and other short-term borrowings	19	265,677,132	498,362,189	265,677,132	498,362,189
Total Current Liabilities		1,337,761,813	1,450,733,060	1,337,761,813	1,450,733,060
Total Liabilities		1,531,479,112	1,555,551,930	1,531,479,112	1,555,551,930
Total Equity and Liabilities		3,872,857,404	3,718,481,456	3,888,602,348	3,721,300,701

The Notes to the Financial Statements from pages 58 to 87 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.



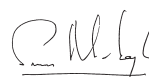
Hemamala Karunasekara
Chief Financial Officer

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

21st August 2014
Colombo

Statement of Changes in Equity

For the year ended 31 March 2014

	Company and Investee					
	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Other Reserves Rs.	Total Rs.
Balance as at 1st April 2012	218,000,000	177,008,705	431,136,000	1,158,233,787	-	1,984,378,492
Comprehensive Income for the year						
Profit for the year	-	-	-	200,351,034	-	200,351,034
Other comprehensive income for the year	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	200,351,034	-	200,351,034
2nd Interim dividend - 2011/12	-	-	-	(21,800,000)	-	(21,800,000)
Balance as at 31st March 2013	218,000,000	177,008,705	431,136,000	1,336,784,821	-	2,162,929,526
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	-	-	-	215,084,321	(3,935,555)	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	1,519,169,142	(3,935,555)	2,341,378,292

	Company					
	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Other Reserves Rs.	Total Rs.
Balance as at 1st April 2012	218,000,000	148,185,039	431,136,000	1,185,760,776	-	1,983,081,815
Comprehensive Income for the year						
Profit for the year	-	-	-	204,466,956	-	204,466,956
Other comprehensive income for the year	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	204,466,956	-	204,466,956
2nd Interim dividend - 2011/12	-	-	-	(21,800,000)	-	(21,800,000)
Balance as at 31st March 2013	218,000,000	148,185,039	431,136,000	1,368,427,732	-	2,165,748,771
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	-	-	-	228,010,020	(3,935,555)	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	1,563,737,752	(3,935,555)	2,357,123,236

The Notes to the Financial Statements from pages 58 to 87 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flow

For the year ended 31st March,	Company and Investee		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Cash Flow From Operating Activities				
Profit before taxation	310,648,737	280,302,368	323,574,436	284,418,290
Adjustments for:				
Share of loss from equity accounted investee (net of tax)	17,925,699	4,115,922	-	-
Provision for the fall in value in investment in associate	-	-	5,000,000	-
Interest income	(8,317,581)	(8,986,872)	(8,317,581)	(8,986,872)
Interest expense	41,255,389	36,951,883	41,255,389	36,951,883
Depreciation of property, plant and equipment	57,646,811	47,398,062	57,646,811	47,398,062
Impairment of trade and other receivables	6,167,332	3,461,615	6,167,332	3,461,615
Impairment of obsolete inventories	10,635,154	6,231,378	10,635,154	6,231,378
Dividend Income	(79)	(63)	(79)	(63)
Gain on disposal of property, plant and equipment	(22,321)	(2,679)	(22,321)	(2,679)
Provision for employee benefits	9,980,461	15,313,766	9,980,461	15,313,766
Operating Profit before working capital changes	445,919,602	384,785,380	445,919,602	384,785,380
Changes in working capital				
Decrease/ (increase) in inventories	5,647,979	(187,896,817)	5,647,979	(187,896,817)
Increase in trade and other receivables	(238,110,765)	(192,795,923)	(238,110,765)	(192,795,923)
Decrease/ (increase) in amount due from related companies	545,788	(136,624)	545,788	(136,624)
Increase in deposits and prepayments	(2,534,241)	(1,943,487)	(2,534,241)	(1,943,487)
Increase in trade payables	24,025,602	269,652,129	24,025,602	269,652,129
Increase/ (decrease) in other payables	904,108	(5,053,684)	904,108	(5,053,684)
Cash generated from operations	236,398,073	266,610,974	236,398,073	266,610,974
Gratuity paid	(4,476,023)	(5,599,395)	(4,476,023)	(5,599,395)
Payment for payment in lieu of employee share issue scheme	(253,820)	(309,605)	(253,820)	(309,605)
Current tax paid	(17,998,919)	(43,991,013)	(17,998,919)	(43,991,013)
Interest paid	(41,255,389)	(36,951,883)	(41,255,389)	(36,951,883)
Net Cash Generated from Operating Activities	172,413,922	179,759,078	172,413,922	179,759,078
Cash Flow from Investing Activities				
Proceeds from disposal of property, plant and equipment	22,321	2,679	22,321	2,679
Acquisition of property, plant and equipment	(133,713,905)	(97,979,281)	(133,713,905)	(97,979,281)
Interest received	8,317,581	8,986,872	8,317,581	8,986,872
Dividend income	79	63	79	63
Net Cash Used in Investing Activities	(125,373,924)	(88,989,667)	(125,373,924)	(88,989,667)
Cash Flow from Financing Activities				
Dividend paid	(31,610,140)	(53,975,840)	(31,610,140)	(53,975,840)
Loan obtained during the year	95,841,000	-	95,841,000	-
Net Cash generated from/ (used in) Financing Activities	64,230,860	(53,975,840)	64,230,860	(53,975,840)
Net Increase in Cash and Cash Equivalents	111,270,858	36,793,571	111,270,858	36,793,571
Cash and Cash Equivalents at beginning of the year	62,791,104	25,997,533	62,791,104	25,997,533
Cash and Cash Equivalents at the end of the Year (Note 19)	174,061,962	62,791,104	174,061,962	62,791,104

The Notes to the Financial Statements from pages 58 to 87 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 Equity accounted investee of the Company, ACL - Kelani Magnet Wire (Pvt) Limited, has been included in the Financial Statements.

Ultimate Parent

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

1.2. Principal Activities and Nature of Operations

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

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 2014 was 453 (2013 – 442).

1.4. Date of Authorization for Issue

The Financial Statements of the Company for the year ended 31st March 2014 were authorized for issue in accordance with a resolution of the Board of Directors on 21st August 2014.

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 Presentation of Financial Statements

Individual Financial Statements consists of Financial Statements of the Company and investee. Company's interest in associate is accounted for using equity method.

The Company has opted to present separate financial statements, along with individual Financial Statements. Interest in associate is accounted for at cost in the separate Financial Statements.

2.3 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:

- Land and building are measured at revalued amounts; and
- 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.

2.4 Comparative Figures

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

2.5 Functional and Presentation Currency

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

2.6 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 3.12)
- Provisions and contingencies (Note 3.13 and 3.14)

2.7 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dis-similar 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 those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of that enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. 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 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

Notes to the Financial Statements

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.

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 arising on de-recognition 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 exceeds 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 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 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.

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.

3.7 Investments in Associates

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

a) Financial Statements - Company and Investee

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

Notes to the Financial Statements

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.

b) Financial Statements - Company

Investment on associates are accounted for at cost. Impairment if any, is charged against the profit/loss of the Company.

c) Financial Year End

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

3.8 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

3.9 Financial Instruments

a) 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 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.

b) 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 Impairment of Assets

3.10.1 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.

3.10.2 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.

3.11 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.

Notes to the Financial Statements

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.

3.12 Employee benefits

3.12.1 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.

3.12.2 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.

a) 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.

b) 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.

3.12.3 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

Upto the year ended 31st March 2013, the Company recognised all actuarial gains and losses arising from defined benefit plans immediately against profit or loss in the Statement of Comprehensive Income including all expenses related to defined benefit plans in employee benefit expense. With the adoption of revised Employee Benefit LKAS -19 which became effective from 1 January 2013, the re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

3.13 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.

3.14 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.

STATEMENT OF COMPREHENSIVE INCOME

3.15 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.

3.16 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.

3.17 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.

3.18 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.

Notes to the Financial Statements

3.19 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.

3.20 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

There are no distinguishable components to be identified as segments for the Company.

4. New Accounting Standards issued but not effective as at reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which have become applicable for financial periods beginning on or after 1st January 2014.

Accordingly, these Standards have not been applied in preparing these financial statements.

- Sri Lanka Accounting Standards –SLFRS 10 “Consolidated financial statements”

The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

SLFRS 10 has become effective for the Company from 1 April 2014. This SLFRS will supersede the requirements relating to

consolidated financial statements in LKAS 27 “Consolidated and Separate Financial Statements.

- Sri Lanka Accounting Standards – SLFRS 11 “Joint Arrangements”

The objective of this SLFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (ie joint arrangements).

SLFRS 11 has become effective from 1 April 2014 for the Group. This SLFRS will supersede the requirements relating to consolidated financial statements in LKAS 31 “Interests in Joint Ventures

- Sri Lanka Accounting Standard-SLFRS 12 “Disclosure of Interests in Other Entities”

SLFRS 12 has become effective for the Company from 1 April 2014.

- Sri Lanka Accounting Standard - SLFRS 13, “Fair Value Measurement”

This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

This SLFRS has become effective for the Company from 1 April 2014. This SLFRS shall be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

- Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments”

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

The effective date of this SLFRS has been deferred.

For the Year Ended 31st March,		Company and Investee / Company	
		2014	2013
		Rs.	Rs.
5. REVENUE			
Manufacturing and fabrication		4,384,561,084	3,770,980,232
Export sales		650,922,812	630,127,720
Trading		196,285,461	164,372,820
		5,231,769,357	4,565,480,772
6. OTHER INCOME			
Gain on disposal of property, plant and equipment		22,321	2,679
Dividend income		79	63
Scrap sales		11,359,203	7,846,495
Sundry income		839,680	6,698,012
		12,221,283	14,547,249
7. NET FINANCE EXPENSES			
7.1 Finance Income			
Gain on translation of foreign currency		10,762,315	19,053,065
Interest from foreign currency deposits		4,405,211	4,407,764
Interest from local currency deposits		348,507	35,857
Interest Income from loans granted to Holding - Company		3,563,863	4,543,251
		19,079,896	28,039,937
7.2 Finance Expenses			
Bank overdraft interest		(9,348,182)	(12,810,092)
Interest on bank loans		(28,041,996)	(21,087,997)
Interest on Trade Bills		(432,216)	-
Interest on distributor deposits		(3,432,995)	(3,053,794)
		(41,255,389)	(36,951,883)
Net Finance Expenses		(22,175,493)	(8,911,946)
8. PROFIT BEFORE TAX			
Profit before tax is stated after charging all expenses including the following.			
Directors' fee		1,620,000	1,490,000
Auditors remuneration			
Statutory audit		530,000	500,000
Audit related services		220,937	291,485
Depreciation on property, plant and equipment		57,646,811	47,398,062
Impairment of inventories		10,635,154	6,231,378
Provision for impairment of trade and other receivables		6,167,332	3,461,615
Donations		151,000	78,618
Staff Costs - Note 8.1		383,021,840	335,545,489
Provision for the fall in value in investment in associate		5,000,000	-

Notes to the Financial Statements

8. PROFIT BEFORE TAX (Contd.)

For the Year Ended 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
8.1 Staff Cost		
Defined contribution plan cost-EPF,ETF	23,621,613	20,452,321
Defined benefit plan cost-Retiring gratuity	9,980,461	15,313,766
Staff cost other than above	349,419,766	299,779,402
	383,021,840	335,545,489
NUMBER OF EMPLOYEES		
The number of employees of the Company at the end of the year	453	442
9. INCOME TAX EXPENSE		
The charge for income tax expense is made up as follows.		
Current tax expense - Note 9.1	93,693,160	76,720,674
Deferred tax charge (Impact on Comprehensive Income) - Note 27	1,871,256	3,230,660
	95,564,416	79,951,334

Current 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 and Investee / Company	
	2014	2013
	Rs.	Rs.
Profit before tax	323,574,436	284,418,290
Aggregate disallowable expenses	133,011,866	85,893,149
Aggregate allowable expenses	(68,529,147)	(69,575,217)
Income not liable for tax	(4,041,906)	(3,649,356)
Total statutory income	384,015,249	297,086,866
Less: deductions from assessable income	(26,000)	(15,000)
Taxable Income	383,989,249	297,071,866
Income Tax charged at		
Concessionary rate of 12%	5,315,427	4,844,587
Standard rate of 28%	88,377,734	71,876,087
Income tax on current year profits	93,693,160	76,720,674
9.2 Recognition of deferred tax expenses in the Comprehensive Income		
Comprehensive income	1,871,256	3,230,660
Other comprehensive income	(1,530,493)	-
	340,763	3,230,660

10. EARNINGS PER SHARE

10.1 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 and Investee		Company	
	2014	2013	2014	2013
Profit attributable to ordinary shareholders (Rs.)	215,084,321	200,351,034	228,010,020	204,466,956
weighted average number of ordinary shares	21,800,000	21,800,000	21,800,000	21,800,000
Basic Earnings per share (Rs.)	9.87	9.19	10.46	9.38

10.2 Diluted Earnings Per Share

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 and Investee / Company	
	2014 Rs.	2013 Rs.
2nd Interim dividend declared - 2011/12	-	21,800,000
Interim dividend declared - 2012/13	32,700,000	-
	32,700,000	21,800,000
Gross dividend	32,700,000	21,800,000
Number of shares	21,800,000	21,800,000
Dividend per share	1.50	1.00

12. PROPERTY, PLANT AND EQUIPMENT (PPE)

Company and Investee / Company

	Freehold land Rs.	Buildings Rs.	Furniture, fittings and office equipment Rs.	Business Machines Rs.	Motor Vehicles Rs.	Plant, machinery, and electrical fittings Rs.	Capital work-in- progress Rs.	Total 2014 Rs.	Total 2013 Rs.
Cost									
Balance as at 01st April	126,828,000	112,995,841	19,504,405	32,583,431	49,682,603	502,861,626	8,563,510	853,019,416	755,095,135
Additions during the year	100,453,886	-	954,707	6,340,675	7,600,000	10,271,858	8,092,779	133,713,905	97,979,281
Transfers during the year	-	798,759	-	-	514,100	-	(1,312,859)	-	-
Disposals during the year	-	-	-	(131,150)	-	-	-	(131,150)	(55,000)
Balance as at 31st March	227,281,886	113,794,600	20,459,112	38,792,956	57,796,703	513,133,484	15,343,430	986,602,171	853,019,416
Accumulated Depreciation									
Balance as at 01st April	-	9,908,121	11,631,570	27,438,974	28,051,659	263,256,119	-	340,286,443	292,943,381
Charge for the year	-	10,237,554	1,619,201	2,441,109	8,019,747	35,329,200	-	57,646,811	47,398,062
Disposals	-	-	-	(131,150)	-	-	-	(131,150)	(55,000)
Balance as at 31st March	-	20,145,675	13,250,771	29,748,933	36,071,406	298,585,319	-	397,802,104	340,286,443
Carrying value									
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	-
As at 31st March 2013	126,828,000	103,087,720	7,872,835	5,144,457	21,630,944	239,605,507	8,563,510	-	512,732,973

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (PPE) (Contd.)

12.1 Land and Buildings carried at revalued amount

Property	Location	Last revaluation date	Extent/ Sq.Ft	Carrying amount as at 31.03.2014 Rs.	Revaluation surplus Rs.	Carrying amount at cost Rs.
Land	Wewelduwa, Kelaniya	31/3/2012	06A. 00R. 26.09 P	216,053,886	63,078,828	152,975,058
	Mahena Road, Siyambalape South, Siyambalape	31/3/2012	01A. 0R. 12.75 P	11,228,000	7,280,513	3,947,487
				227,281,886	70,359,341	156,922,545
Building	Wewelduwa, Kelaniya	31/3/2012	96,360 Sq.Ft	67,216,556	82,158,071	20,039,122
	Mahena Road, Siyambalape South, Siyambalape	31/3/2012	25,350 Sq.Ft	26,432,369	28,202,611	7,616,535
				93,648,925	110,360,682	27,655,657

The Land and Building were revalued as at 31st March 2012, by Mr. H. W. Wimalasena, Incorporated valuer. The surplus on revaluation relating to Land & Building were incorporated in the Financial Statements on 31 March 2012. 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.

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

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Furniture, fittings and office equipment	3,898,680	3,582,211
Business machines and software	23,965,428	22,596,876
Motor vehicles	18,137,390	15,840,515
Plant, machinery and electrical fittings	39,066,385	37,315,197
	85,067,883	79,334,799

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 2014. 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. INVESTMENT PROPERTY

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Balance as at the beginning of the year	130,000,000	130,000,000
Change in fair value	-	-
Balance as at the end of the year	130,000,000	130,000,000

13.1 Details of the land under investment property

Investment property represent the land owned by the Company.

Location	Extent	Carrying Value (Rs.)
Ekala	13A .00R .02P	130,000,000

Market Value

Investment properties of the Company are accounted on the revaluation value 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. H. W. Wimalasena, an Associate Member of Institute of Valuers of Sri Lanka, as at 31st March 2012.

Based on an internal assessment carried out during the year, the Board of Directors is of the view that the fair value of investment property has not changed significantly as at the reporting date.

14. INVESTMENT IN SUBSIDIARY

	Company Holding	No. of Shares	Company and Investee / Company	
			2014 Rs.	2013 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 consolidated financial statements since the financial position of the subsidiary as at the reporting date was not material.

15. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

As at 31st March,	Company			
	No of shares	Holding	2014 Rs.	2013 Rs.
Investment in ACL - Kelani Magnet Wire (Private) Limited	5,120,000	29.99%	51,200,000	51,200,000
Provision for impairment (Note 15.1)			(25,045,766)	(20,045,766)
			26,154,234	31,154,234

Notes to the Financial Statements

15. INVESTMENT IN EQUITY ACCOUNTED INVESTEE (Contd.)

As at 31st March,	Company	
	2014 Rs.	2013 Rs.
15.1 Provision for Impairment of the Associate		
Balance at the beginning of the year	20,045,766	20,045,766
Provision for the year	5,000,000	-
Balance at the end of the year	25,045,766	20,045,766

The Board of Directors has assessed the potential impairment loss of Investment in the associate as at 31 March 2014 and based on the internal assessment, the Company has made an additional provision of impairment of Rs. 5,000,000 during the year against the investment in associate in the separate financial statements of the Company.

Even though the net assets of the Associate, ACL - Kelani Magnet Wire (Private) Limited has significantly reduced, the directors are expecting the net assets of the Associate to significantly increase in the next financial year with the revaluation of the land and building of the Associate.

As at 31st March,	Company and Investee	
	2014 Rs.	2013 Rs.
15.2 Share of Equity Accounted Investee Loss		
Investment in equity accounted investee (at cost)	51,200,000	51,200,000
Goodwill on acquisition	(1,240,635)	(1,240,635)
	49,959,365	49,959,365
Share of surplus on revaluation	28,823,666	28,823,666
Share of loss from Equity Accounted Investee		
Balance at the beginning of the year	(50,448,042)	(46,332,120)
Current years share of loss	(17,925,699)	(4,115,922)
Balance at the end of the year	(68,373,741)	(50,448,042)
Investment in equity accounted investee	10,409,290	28,334,989
Summarised Financial Information of Equity Accounted Investee		
Revenue and Profit		
Revenue	373,816,322	315,356,649
Loss	(59,772,255)	(13,724,315)
Assets and Liabilities		
Total assets	476,597,503	497,391,019
Total liabilities	(440,509,392)	(401,848,864)
Total equity	36,088,111	95,542,155

Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company account for the associate at cost in the Company's separate financial statements. The equity method had been used in the consolidated financial statements upto 31st March 2013. As explained in Note 14, the Company has opted not to present consolidated financial statements from this financial year. Therefore, the associate has been accounted for under equity method in the Company and Investee's financial statements.

16. INVENTORIES

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Raw materials	127,472,391	188,615,883
Work-in-progress	236,638,143	298,039,166
Finished goods	685,117,168	606,266,591
Consumable stocks	71,239,814	69,234,128
	1,120,467,516	1,162,155,768
Impairment for obsolete Inventories (Note-16.1)	(50,326,514)	(41,179,280)
	1,070,141,002	1,120,976,488
Goods in Transit	100,895,627	66,343,274
	1,171,036,629	1,187,319,762
16.1 Impairment for Obsolete Inventories		
Balance as at the beginning of the year	41,179,280	34,947,902
Provision for the year	10,635,154	6,231,378
Inventory written-off	(1,487,920)	-
Balance as at the end of the year	50,326,514	41,179,280
17. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,099,820,707	1,114,368,203
Provision for impairment of trade receivables (Note -17.1)	(54,495,536)	(48,328,204)
	1,045,325,171	1,066,039,999
Trade receivables - Related parties		
ACL Cables PLC	12,501,038	13,821,182
ACL - Kelani Magnet Wire (Private) Limited	241,848,370	7,118,054
ACL Plastics PLC	35,556	-
Ceylon Copper (Pvt) Ltd	-	1,169,134
	254,384,964	22,108,370
Staff Loans	3,022,704	2,575,179
Other receivables	7,381,365	5,849,276
	1,310,114,204	1,096,572,824
17.1 Provision for impairment of trade receivables		
Balance as at the beginning of the year	48,328,204	46,114,472
Provision for impairment of trade receivables	6,167,332	3,461,615
Debts written-off	-	(1,247,883)
Balance as at the end of the year	54,495,536	48,328,204

Notes to the Financial Statements

18. AMOUNT DUE FROM RELATED COMPANIES

As at 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
ACL Cables PLC		
Loan	41,854,000	41,854,000
Other transactions	-	545,788
	41,854,000	42,399,788

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

As at 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
19. CASH AND CASH EQUIVALENTS		
Short term deposits	428,223,242	555,723,365
Cash in hand and at bank	11,515,852	5,429,928
Cash and cash equivalents	439,739,094	561,153,293
Short term loans	(245,000,000)	(367,387,876)
Bank overdraft	(20,677,132)	(130,974,313)
Bank overdrafts and other short-term borrowings	(265,677,132)	(498,362,189)
Cash and cash equivalents in the statement of cash flows	174,061,962	62,791,104

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

As at 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
20. STATED CAPITAL		
Issued and fully paid		
21,800,000 Ordinary shares	218,000,000	218,000,000
	218,000,000	218,000,000

20.1 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.

As at 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
21. CAPITAL RESERVES		
Revaluation reserve (Note 21.1)	176,483,705	176,483,705
Capital redemption reserve fund (Note 21.2)	525,000	525,000
	177,008,705	177,008,705
	148,185,039	148,185,039

21.1 Revaluation Reserves

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

21.2 Capital Redemption Reserve Fund

Capital redemption reserve fund was created consequent to redemption of preference shares.

22. GENERAL RESERVES

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Development reserve (Note 22.1)	7,143,905	7,143,905
Dividend equalization reserve (Note 22.2)	1,000,000	1,000,000
Revenue reserve (Note 22.3)	422,992,095	422,992,095
	431,136,000	431,136,000

22.1 Development Reserve

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

22.2 Dividend Equalization Reserve

Dividend Equalization reserve was created in the year 1981/82.

22.3 Revenue Reserve

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

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
23. OTHER RESERVES		
Actuarial loss on defined benefit plans	(5,466,048)	-
Tax on other comprehensive income	1,530,493	-
	(3,935,555)	-

This includes actuarial gains and losses arising due to changes in defined benefit plan obligations.

As at 31st March,	Company and Investee		Company	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
24. RETAINED EARNINGS				
Balance at the beginning of the year	1,336,784,821	1,158,233,787	1,368,427,732	1,185,760,776
Profit for the year	215,084,321	200,351,034	228,010,020	204,466,956
Interim dividend declared during the year	(32,700,000)	(21,800,000)	(32,700,000)	(21,800,000)
Balance at the end of the year	1,519,169,142	1,336,784,821	1,563,737,752	1,368,427,732

Notes to the Financial Statements

25. EMPLOYEE BENEFITS

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
25.1 Defined contribution plans		
Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.		
Employees' Provident Fund		
Employer's contribution	18,897,291	16,361,857
Employees' contribution	14,007,548	12,109,623
Employees' Trust Fund	4,724,322	4,090,465
25.2 Defined benefit plans - Provision for Employee Benefits		
Present value of unfunded obligation (Note 25.2.1)	68,073,624	57,103,138
Present value of funded obligation	-	-
	68,073,624	57,103,138
25.2.1 Movement in the present value of the Employee Benefits unfunded obligation		
Balance as at 1st April	57,103,138	47,388,767
Provision recognised during the year (Note 25.2.1.a)	9,980,461	15,313,766
Actuarial loss during the year (Note 25.2.1.b)	5,466,048	-
	72,549,647	62,702,533
Payments during the year	(4,476,023)	(5,599,395)
Balance as at 31st March	68,073,624	57,103,138
25.2.1.a Provision recognized in the Statement of Comprehensive Income		
Current Service Cost	4,270,148	6,770,971
Interest on Obligation	5,710,314	8,542,795
	9,980,461	15,313,766
25.2.1.b Provision recognized in the Statement of Other Comprehensive Income		
Actuarial loss during the year	5,466,048	-
	5,466,048	-
The expense is recognized in the following line items in the Statement of Comprehensive Income		
Cost of sales	4,634,216	7,110,624
Distribution expenses	3,290,395	5,048,698
Administrative expenses	2,055,850	3,154,444
	9,980,461	15,313,766

25.2.2 Upto the year ended 31st March 2013, the Company recognised all actuarial gains and losses arising from defined benefit plans immediately against profit or loss in the Statement of Comprehensive Income including all expenses related to defined benefit plans in employee benefit expense. With the adoption of revised Employee Benefit LKAS -19 which became effective from 1 January 2013, the re - measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income. The comparative has not been adjusted as the impact due to change in classification (Rs. 702,128/-) is immaterial.

25. EMPLOYEE BENEFITS (CONTD.)

25.3 Principal actuarial assumptions used	Company and Investee / Company	
	2014	2013
(a) Discount Rate	10%	11%
(b) Future Salary Increase Rate	10%	10%
(c) Retirement Age	55 years	55 years

The Company obtains an actuarial valuation performed every 3 years by a qualified Actuary using projected unit credit method along with estimated cost for the subsequent 2 years. Previous valuation has been made by Mr. Pooplanathan for the F/Y 31st March 2012. The Company has validated the estimated provision for employee benefits during the year using an internally generated model using projected unit credit method.

25.4 Sensitivity analysis

If there is a change in the assumption by 1%, the following would be the impact on employee benefits

	2014			
	Discount rate	Effect	Salary increment rate	Effect
Effect on defined benefit obligation liability				
Increase by 1%	11%	(787,388)	11%	5,284,622
Decrease by 1%	9%	4,988,588	9%	(1,135,691)

26. PROVISION FOR PAYMENT IN LIEU OF EMPLOYEE SHARE ISSUE SCHEME

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Balance as at the beginning of the year	2,223,061	2,532,666
Payment made during the year	(253,820)	(309,605)
Balance as at the end of the year	1,969,241	2,223,061

In view of the smooth transfer of ownership from Pacific Dunlop Cables Group to ACL Group, the Management expressed their goodwill to employees by allocating a fixed sum as compensation for the share ownership scheme which was proposed earlier. The employees who were in employment as at 11th September 1999 are eligible for the payment which will be made at the time of resignation or retirement.

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
27. DEFERRED TAXATION		
Deferred tax assets (Note 27.1)	19,612,001	16,611,335
Deferred tax liabilities (Note 27.2)	(65,445,435)	(62,104,006)
	(45,833,434)	(45,492,671)
27.1 Deferred tax assets		
Balance as at the beginning of the year	16,611,335	13,978,001
Deferred tax asset originating during the year recognized in Comprehensive Income	1,470,173	2,633,335
Deferred tax asset originating during the year recognized in Other Comprehensive Income	1,530,493	-
Balance as at the end of the year	19,612,001	16,611,336

Notes to the Financial Statements

27. DEFERRED TAXATION (Contd.)

As at 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
27.2 Deferred tax liabilities		
Balance as at the beginning of the year	62,104,006	56,240,012
Deferred tax liability originating during the year	3,341,429	5,863,994
Balance as at the end of the year	65,445,435	62,104,006

	Statement of Financial Position				Statement of Comprehensive Income		Statement of Other Comprehensive Income	
	2014		2013		2014	2013	2014	2013
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect				
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability								
Property, Plant and Equipment	233,733,695	65,445,435	221,800,023	62,104,006	3,341,429	5,863,994	-	-
Deferred Tax Assets								
Employee Benefits	68,073,624	19,060,615	57,103,138	15,988,879	1,541,243	2,720,024	1,530,493	-
Provision for PILESIS (Note 26)	1,969,241	551,387	2,223,061	622,457	(71,070)	(86,689)	-	-
	70,042,865	19,612,002	59,326,199	16,611,336	1,470,173	2,633,335	1,530,493	-
					1,871,256	3,320,659	(1,530,493)	-

As at 31st March,	Company and Investee / Company	
	2014	2013
	Rs.	Rs.
28. INTEREST BEARING BORROWINGS		
Balance at the beginning of the year	-	-
Loan obtained during the year	95,841,000	-
Loan repayment during the year	-	-
Balance at the end of the year	95,841,000	-
Amount payable within one year	18,000,000	-
Amount payable after one year	77,841,000	-
	95,841,000	-

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

29. TRADE PAYABLES

Trade payables	74,115,873	62,583,017
Bills payable	595,211,924	446,001,933
Trade payables - Related parties		
ACL Cables PLC	15,227,752	57,402,785
ACL Plastics PLC	111,949,409	111,190,881
ACL - Kelani Magnet Wire (Private) Limited	22,791,424	73,474,072
ACL Metals & Alloys (Pvt) Ltd	1,904,750	-
Ceylon Copper (Pvt) Ltd.	-	46,522,843
	151,873,335	288,590,581
	821,201,132	797,175,531

30. OTHER PAYABLES

As at 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Accrued charges	31,398,426	33,718,391
Nation Building Tax payable	3,003,249	402,463
Distributors' deposits	25,944,941	27,846,368
Advance from debtors	20,413,744	19,915,339
Other payables	8,864,017	6,837,708
	89,624,377	88,720,269
31. CURRENT TAXATION		
Balance as at the beginning of the year	61,022,397	28,292,736
Provision on current years profit	93,693,160	76,720,674
Payments made during the year	(17,998,919)	(43,991,013)
Balance at the end of the year	136,716,638	61,022,397
32. UNCLAIMED DIVIDEND		
Balance as at the beginning of the year	5,452,674	37,628,514
Dividend declared - Interim	32,700,000	21,800,000
Payments during the year	(31,610,140)	(53,975,840)
Balance as at the end of the year	6,542,534	5,452,674

33. RELATED PARTY TRANSACTIONS**33.1 Transactions with key management personnel**

According to Sri Lanka Accounting Standard - LKAS 24 on 'Related Party Disclosures', Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors of the Company (Executive and Non-Executive Directors) have been classified as KMPs.

The Board of Directors of the Company has the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company has been identified as the key management personnel. ("KMP") of the Company.

Close Family Members (CFM) of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the Company. They may include KMPs domestic partner and children, children of the KMPs domestic partner and dependants of the KMP or the KMPs domestic partner.

The Board of Directors of the Company and its parent company (Including Executive and Non-Executive) and their CFMs are identified as KMPs of the Company.

The compensation paid to KMPs are as follow:

For the Year Ended 31st March,	Company and Investee / Company	
	2014 Rs.	2013 Rs.
Short Term Employee Benefits	1,620,000	1,490,000
Post Employee Benefits	-	-

The short term employment benefits include only the directors fees paid to directors. There are no post-employment, terminal or share-based payments made on behalf of the directors and no ex-gratia payments were made to directors during the year. Further, the Company does not provide any non-cash benefit to the KMPs.

Loans to Directors

No loans have been given to the Directors of the Company.

Notes to the Financial Statements

33. RELATED PARTY TRANSACTIONS (Contd.)

33.2 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 2014 Rs.	Transaction amount 2013 Rs.	Balance outstanding 31-Mar-14 Rs.	31-Mar-13 Rs.
ACL Cables PLC	Ultimate parent company	Loan granted	-	-	41,854,000	41,854,000
		Interest income on loan granted	3,563,863	4,543,251		
		Interest received in cash	(4,610,213)	(4,405,133)	-	1,046,350
		Bills Charged	(1,543,555)	-	-	(500,562)
		Settlements during the year	2,044,117	-	-	-
		Sale of goods (Gross)	46,021,943	55,987,281		
		Settlements during the year	(47,342,087)	(42,714,834)	12,501,038	13,821,182
		Purchase of finished goods (Gross)	(137,464,434)	(216,005,843)		
		Settlements during the year	179,639,467	206,112,102	(15,227,752)	(57,402,785)
ACL Plastics PLC	Related company	Purchase of Raw Materials	(520,349,543)	(530,421,661)		
		Settlements during the year	519,591,014	532,946,106	(111,949,409)	(111,190,880)
ACL- Kelani Magnet Wire (Private) Ltd	Equity accounted investee	Sale of Finished goods (Gross)	74,202	16,264		
		Settlements during the year	(38,646)	(16,264)	35,556	-
		Sale of finished goods and raw materials (Gross)	234,730,316	7,262,539		
		Settlements during the year	-	(11,172,208)	241,848,370	7,118,054
		Purchase of finished goods and raw materials (Gross)	(25,014,849)	(28,807,288)		
		Settlements during the year	97,198	40,647,402	(22,791,724)	2,125,927
		Purchase of machinery	-	(75,600,000)		
		Settlements during the year	75,600,000	-	-	(75,600,000)
ACL Metals & Alloys (Pvt) Ltd	Related company	Purchase of raw materials	(223,525,008)	(1,147,429)		
		Settlements during the year	221,620,258	1,147,429	(1,904,750)	-
Ceylon Copper (Pvt) Ltd.	Related company	Sale of Scrap (Gross)	11,151,777	1,169,134		
		Settlements during the year	(12,320,910)	-	-	1,169,134
		Purchase of raw materials	(20,423,899)	(56,278,775)		
		Settlements during the year	66,946,742	9,755,932	-	(46,522,843)

33. RELATED PARTY TRANSACTIONS (CONTD.)

33.2 Transactions with Related Companies (Contd.)

Company	Relationship	Nature of transaction	Transaction amount	Transaction amount	Balance outstanding	
			2014 Rs.	2013 Rs.	31-Mar-14 Rs.	31-Mar-13 Rs.
ACL Electric (Pvt) Ltd.	Related company	Sale of finished goods (gross)	9,000	63,000		
		Settlements during the year	(9,000)	(63,000)	-	-
Lanka Olex Cables (Private) Ltd	Immediate parent company	Interim dividend payment 2012/13-Rs.1/50 per share	24,525,000	-	-	-
		Interim dividend payment 2011/12-Rs.1/50 per share	-	24,525,000	-	-
		2nd Interim dividend payment 2011/12 - Rs.1/- per share	-	16,350,000	-	-

Also refer Note 17, 18 and 29.

34. FINANCIAL RISK MANAGEMENT

Overview

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

- 34.1 Credit risk
- 34.2 Liquidity risk
- 34.3 Market risk
- 34.4 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.

Notes to the Financial Statements

34. FINANCIAL RISK MANAGEMENT (Contd.)

34.1 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,

As at 31st March,	2014 Rs.	2013 Rs.
Trade and other receivables	1,310,114,204	1,096,572,824
Amount due from related companies	41,854,000	42,399,788
Deposits	152,880	106,500
Cash and cash equivalents	439,739,094	561,153,293
	1,791,860,178	1,700,232,405

Age Analysis of Trade Receivables after Provision for Impairment

As at 31st March	2014 Rs.	2013 Rs.
Less than 30 days	376,369,369	399,902,996
Between 31 days - 60 days	349,459,764	345,260,315
Between 61 days - 90 days	142,876,352	170,412,233
Between 91 days - 180 days	128,408,655	101,432,770
Between 181 days - 365 days	43,236,724	46,653,202
More than 365 days	59,469,842	50,706,687
Gross trade receivables	1,099,820,707	1,114,368,203
Provision for impairment	(54,495,536)	(48,328,204)
Net trade receivables	1,045,325,171	1,066,039,999

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.

34. FINANCIAL RISK MANAGEMENT (Contd.)

34.2 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 (Rs.) 2014	Amount (Rs.) 2013
Trade payables	821,201,132	797,175,531
Other payables	89,624,377	88,720,269
Current taxation	136,716,638	61,022,397
Unclaimed dividends	6,542,534	5,452,674
Interest bearing borrowings	18,000,000	-
Bank overdrafts and other short-term borrowings	265,677,132	498,362,189

34.2.1 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 2014	Carrying amount (Rs.)	Total (Rs.)	Contractual cash flows (Rs.)		
			up to 3 months	1 - 2 years	2 - 5 years
Non- derivative financial liabilities					
Secured bank loans	340,841,000	340,841,000	340,841,000	-	-
Bank overdraft	20,677,132	20,677,132	20,677,132	-	-
Trade and other payables	910,825,509	910,825,509	910,825,509	-	-
As at 31st March 2013	Carrying amount (Rs.)	Total (Rs.)	Contractual cash flows (Rs.)		
			up to 3 months	1 - 2 years	2 - 5 years
Non- derivative financial liabilities					
Secured bank loans	367,387,876	367,387,876	367,387,876	-	-
Bank overdraft	130,974,313	130,974,313	130,974,313	-	-
Trade and other payables	885,895,800	885,895,800	885,895,800	-	-

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	84,949,714	4,674,662	-	-	-	-	89,624,376
Current taxation	-	-	-	-	136,716,638	-	136,716,638
Unclaimed dividends	6,542,534	-	-	-	-	-	6,542,534
Interest bearing borrowings	-	-	-	-	18,000,000	-	18,000,000
Bank overdrafts other short-term borrowings	-	265,677,132	-	-	-	-	265,677,132
	91,492,248	659,337,902	107,989,829	205,043,150	214,931,608	58,967,075	1,337,761,812

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2013

	On demand	0 -30 days	30 -60 days	60 -90 days	90-180 days	180-365 days	Total
Trade payables	-	578,252,396	158,459,072	60,464,063	-	-	797,175,531
Other payables	88,317,806	402,463	-	-	-	-	88,720,269
Income tax payables	-	-	-	-	61,022,397	-	61,022,397
Unclaimed dividends	5,452,674	-	-	-	-	-	5,452,674
Bank overdrafts other short-term borrowings	-	212,175,054	155,212,821	-	-	130,974,313	498,362,188
	93,770,480	790,829,913	313,671,892	60,464,063	61,022,397	130,974,313	1,450,733,058

Notes to the Financial Statements

34. FINANCIAL RISK MANAGEMENT (Contd.)

34.2 Liquidity Risk (Contd.)

34.2.2 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.

34.3 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

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

34.3.1 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		Reporting date spot rate	
	2014	2013	31-Mar-14	31-Mar-13
USD 1	130.52	129.83	130.73	126.89

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 2014.

	Effect on profit or loss	
	As at 31st March 2014	As at 31st March 2013
LKR depreciated against USD by 5%	(8,575,200)	(168,853)
LKR appreciated against USD by 5%	8,575,200	168,853

34. FINANCIAL RISK MANAGEMENT (Contd.)

34.3 Market Risk (Contd.)

34.3.2 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.

Profile

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

	2014	2013
Fixed rate instruments		
Financial assets		
- Short term deposits	428,223,242	555,723,365
Financial liabilities		
- Bank overdraft	(20,677,132)	(130,974,313)
- Short term loan	(245,000,000)	(367,387,876)
Variable rate instruments		
Financial liabilities		
- Interest bearing borrowings	(95,841,000)	-

34.3.3 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.

34.4 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.

Notes to the Financial Statements

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

35.1 Valuation of financial instruments measured at fair value

The Company does not have any financial instruments which are measured at fair value.

35.2 Valuation of financial assets and liabilities not carries 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.

	2014		2013	
	Carrying Amount LKR	Fair Value LKR	Carrying Amount LKR	Fair Value LKR
Loans and receivables				
Short term deposits	428,223,242	428,223,242	555,723,365	555,723,365
Trade and other receivables	1,310,114,204	1,310,114,204	1,096,572,824	1,096,572,824
Amount due from related parties	41,854,000	41,854,000	42,399,788	42,399,788
Cash in hand and cash at bank	11,515,852	11,515,852	5,429,928	5,429,928
	1,791,707,298	1,791,707,298	1,700,125,905	1,700,125,905
Financial liabilities				
Trade payable	821,201,132	821,201,132	797,175,531	797,175,531
Other payables	89,624,377	89,624,377	88,720,269	88,720,269
Interest bearing borrowings	18,000,000	18,000,000	-	-
Bank overdrafts and other short-term borrowings	265,677,132	265,677,132	498,362,189	498,362,189
	1,194,502,640	1,194,502,640	1,384,257,989	1,384,257,989

35.2.1 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.

35.2.2 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.

35.2.3 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.

36. 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.

	2014 Rs.	2013 Rs.
Approximate amount approved but not contracted for	13,598,773	5,291,223

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

37. CONTINGENT LIABILITY**Guarantees**

The contingent liability as at 31st March, 2014 on guarantees given to third parties amounted to Rs. 92,032,774/- (2013 - Rs. 88,970,055/-)

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.

38. COMPARATIVE INFORMATION

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

39. EVENTS AFTER REPORTING DATE

Except for the below mentioned event, 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. 1/50 per share for the year ended 31st March 2014 which was approved at the board meeting held on 28th July 2014.

40. 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.

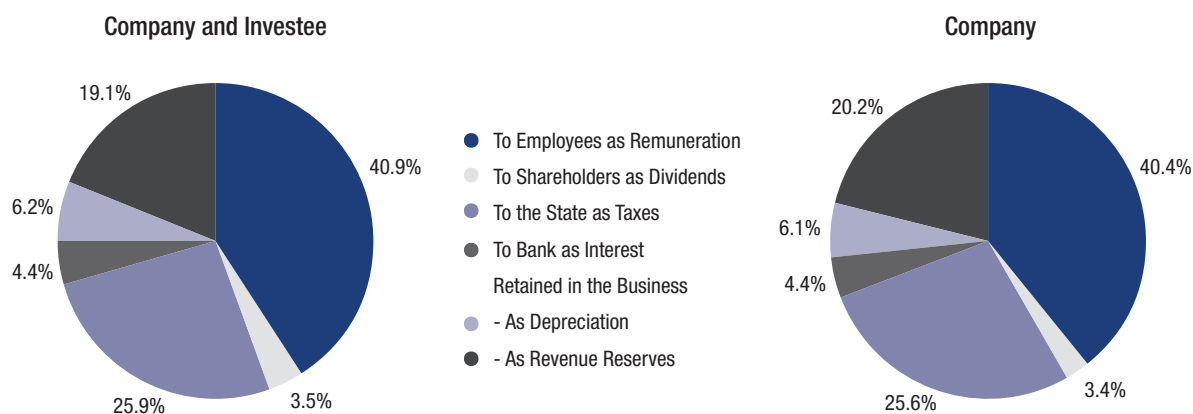
Statement of Value Addition

	Company and Investee		Company	
	2014 Rs'000	2013 Rs'000	2014 Rs'000	2012/13 Rs'000
Turnover	5,231,769	4,565,481	5,231,769	4,565,481
Other Income	31,301	42,587	31,301	42,587
	5,263,071	4,608,068	5,263,071	4,608,068
Less:				
Cost of Material & Services Purchased	4,327,615	3,753,280	4,314,689	3,749,165
Value Added	935,455	854,787	948,381	858,903
Value Addition as Percentage on Turnover	17.9%	18.7%	18.1%	18.8%

DISTRIBUTION AS FOLLOWS

	Company and Investee				Company			
	2013/14 Rs'000	As a % of Total	2012/13 Rs'000	As a % of Total	2013/14 Rs'000	As a % of Total	2012/13 Rs'000	As a % of Total
To Employees as Remuneration	383,022	40.9	335,545	39.3	383,022	40.4	335,545	39.1
To Shareholders as Dividends	32,700	3.5	21,800	2.6	32,700	3.4	21,800	2.5
To the State as Taxes	242,383	25.9	234,541	27.4	242,383	25.6	234,541	27.3
To Bank as Interest	41,255	4.4	36,952	4.3	41,255	4.4	36,952	4.3
Retained in the Business					-			
- As Depreciation	57,647	6.2	47,398	5.5	57,647	6.1	47,398	5.5
- As Revenue Reserves	178,449	19.1	178,551	20.9	191,374	20.2	182,667	21.3
	935,455		854,787		948,381		858,903	

Distribution of Value Added 2013/14



Investor Information

DISTRIBUTION OF SHAREHOLDING - MARCH 31, 2014

Range	No of Holders	Total Holding	% Holding
up to 1000	750	230,220	1.1%
1,001 - 5,000	247	626,609	2.9%
5,001 - 10,000	63	510,039	2.3%
10,001 - 50,000	70	1,422,264	6.5%
50,001 - 100,000	7	498,778	2.3%
100,001 - 500,000	4	689,549	3.2%
500,001 - 1,000,000	2	1,473,193	6.8%
over 1,000,000	1	16,349,348	75.0%
	1144	21,800,000	

Twenty Largest Shareholders as at 31st March

		2014 No. of Shares	% Holding	2013 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%	537,497	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%	79,600	0.4%
6	Deutsche Bank AG as Trustee to Candor Growth	122,487	0.6%	-	0.0%
7	Thaha I. M.	103,500	0.5%	103,500	0.5%
8	Deutsche Bank AG as Trustee to Candor Sharia Fund	88,278	0.4%	-	0.0%
9	DPMC Assetline Holdings (Pvt) Ltd. Account No 01.	79,600	0.4%	72,000	0.3%
10	Waldock Mackenzie Ltd/Ceylinco Shriram Capital Management	76,600	0.4%	76,600	0.4%
11	Waldock Mackenzie Ltd/Mr. L.P.Hapangama	74,600	0.3%	-	0.0%
12	Goonesekera C. D. M. (Mrs)	62,500	0.3%	62,500	0.3%
13	Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
14	Madanayake U. G.	56,200	0.3%	56,200	0.3%
15	Waldock Mackenzie Ltd/ Mrs. G. Soysa	46,772	0.2%	-	0.0%
16	Vignarajah K. C.	42,420	0.2%	42,420	0.2%
17	Leonard D. S.	41,186	0.2%	40,086	0.2%
18	Kannangara N. L.	40,000	0.2%	40,000	0.2%
19	Commercial Bank of Ceylon PLC/D S L Investment	39,326	0.2%	40,000	0.2%
20	Waas M. J. T.	36,700	0.2%	36,700	0.2%

	2014	2013
Market Value Per Share		
At the Year End	80.00	64.10
Highest Value during the Year	90.00	92.00
Lowest Value during the Year	62.00	58.00
Earnings per Share (EPS)- Rs.	9.87	9.19
Net Asset per Share	107.40	99.22
Dividend Per Share (DPS) -Rs.	1.50	1.00
Dividend Yield	0.02	0.02
Price Earnings Ratio	8.11	6.97
No. of Transactions	836	908
No. of Share Traded	526,463	542,298
Total Turnover (Rs.)	41,066,899	41,010,640
Market Capitalisation (Rs.)	1,744,000,000	1,397,380,000
Percentage of shares held by the public	20.2%	20.2%

Decade at a Glance

TRADING RESULTS										Rs.000
Year ended 31st March	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Turnover	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	1,179,997
Gross Profit	855,804	717,357	798,558	616,514	695,429	468,715	514,636	671,156	356,764	246,621
Earnings Before Interest & Tax	351,904	317,254	423,030	265,494	314,479	208,049	251,759	469,800	247,482	166,140
Finance Cost	(41,255)	(36,952)	(37,381)	(47,190)	(35,019)	(72,988)	(63,040)	(14,944)	(328)	(2,357)
Profit before Tax	310,649	280,302	385,649	218,304	279,460	135,061	188,719	454,856	247,154	163,784
Taxation	(95,564)	(79,951)	(104,958)	(84,571)	(139,783)	(40,093)	(68,034)	(153,282)	(67,570)	(50,830)
Profit After Taxation	215,084	200,351	280,692	133,733	139,678	94,968	120,685	301,574	179,584	112,954
FINANCIAL POSITION										Rs.000
As at 31st March	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Stated Capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	109,000	54,500
Capital Reserves	177,009	177,009	177,009	143,063	121,977	114,013	114,013	114,013	138,952	193,452
Revenue Reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	432,000	432,000	332,000
Other Reserve	(3,936)	-	-	-	-	-	-	-	-	-
Retained Earnings	1,519,169	1,336,785	1,158,234	921,142	746,609	650,532	578,387	528,552	211,238	148,005
	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	727,957
Property, Plant & Equipment	588,800	512,733	462,152	429,906	340,294	331,192	290,324	290,833	198,361	179,688
Investments	10,409	28,335	32,451	31,154	9,512	31,963	30,081	39,674	50,108	41,150
Investment property	130,000	130,000	130,000	125,000	120,000	120,000	104,000	104,000	-	-
Current Assets	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	908,985
Current Liabilities	(1,337,762)	(1,450,733)	(817,253)	(1,087,770)	(1,022,431)	(506,700)	(979,546)	(658,359)	(639,297)	(359,894)
Long Term Provisions	(193,717)	(104,819)	(92,183)	(80,595)	(59,518)	(47,648)	(51,925)	(54,573)	(37,533)	(41,972)
	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	727,957
Ratios										
Gross Margin (%)	16.4	15.7	18.4	16.1	20.9	16.6	16.5	23.7	20.3	20.9
Net Margin (%)	4.1	4.4	6.5	3.5	4.2	3.4	3.9	10.6	10.2	9.6
Return of Investment (ROI) (%)	15.0	14.7	21.3	15.5	20.7	14.7	18.8	36.3	27.8	22.8
Return of Average Equity (%)	9.6	9.7	15.2	8.3	9.5	7.0	9.2	27.6	22.2	16.8
Assets Turnover	2.2	2.1	2.2	2.2	2.2	2.0	2.3	2.2	2.0	1.6
Working capital turnover	2.9	2.9	3.0	3.2	3.0	2.9	3.2	3.1	2.6	2.1
Current Ratio	2.3	2.1	2.8	2.1	2.1	2.9	2.0	2.4	2.1	2.5
Net Asset Per Share (Rs.)	107.40	99.22	91.03	78.59	69.62	64.85	61.54	59.29	40.88	33.39
Dividend Per Share (DPS) (Rs.)	1.50	1.00	1.50	1.25	1.00	1.00	2.25	6.50	3.00	3.00
Earnings per Share (EPS) (Rs.)	9.87	9.19	12.88	6.13	6.41	4.36	5.54	13.83	8.24	5.18
Market Price per Share-End (Rs.)	80.00	64.10	67.00	95.30	114.50	49.75	95.25	177.00	80.00	129.00
Dividend Yield (%)	0.02	0.02	0.02	0.01	0.01	0.02	0.02	0.04	3.75	2.33
Price Earnings Ratio	8.11	6.97	5.20	15.53	17.87	11.42	17.21	12.79	9.71	24.90

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 Attributable 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 Fifth Annual General Meeting of Kelani Cables PLC will be held on 17th September 2014 at No 60, Rodney Street, Colombo - 08, at 10.15 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 2014 with the Report of the Auditors thereon.
- ii. To re-elect as Director, Dr.Ranjith Cabral, 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 reappoint Messrs KPMG, Chartered Accountants, as Auditors and to authorise 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 (Private) Limited
Company Secretaries**

21st August 2014

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

I/we.....of.....
.....being a Shareholder/
Shareholders of Kelani Cables PLC hereby appoint Mr.....
..... of or failing him Mr.....
..... or failing him Mr.....
.....of

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at No 60, Rodney Street, Colombo - 08, on Wednesday the 17th of September 2014 at 10.15 a.m. and at any adjournment thereof.

	For	Against
1. To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2014 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as Director, Dr.Ranjith Cabral, who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
3. To reappoint Messrs KPMG, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To reappoint Mr. U.G. Madanayake as a Director of the Company in terms of Sections 210 and 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint Mrs.N.C. Madanayake as a Director of the Company in terms of Sections 210 and 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To reappoint Dr. Ranjith Cabral as a Director of the Company in terms of Sections 210 and 211 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to determine donations to charities.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2014.

.....
Signature

INSTRUCTIONS FOR COMPLETION

1. 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.
2. A Proxy need not be a Shareholder of the Company.
3. The full name and address of the Proxy and the Shareholder appointing the Proxy should be entered legibly in the Form of Proxy.
4. 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 45th Annual General Meeting of KELANI CABLES PLC. REF. No:.....

1. Name of Shareholder : NIC No :

2. Name of Proxy (If applicable): NIC No :

3. Signature of Shareholder :

4. Signature of Proxy :

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

Principle Place of Business

P.O. Box 14, Wewelduwa, Kelaniya
Tel: +94 11 2911224, 94 11 7434400
Fax: +94 11 2910481
E-mail: info@kelanicables.com

Corporate Website

www.kelanicables.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: 24/2, Sri Siddhartha Road,
Colombo 05

Auditors

KPMG
Chartered Accountants
32A, Sir Mohamed Macan Marrkar Mawatha
P.O. Box 186
Colombo 03

Bankers

Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation Limited
People's Bank
Standard Chartered Bank

Designed & produced by



Digital Plates & Printing by
Printage (Pvt) Ltd



www.kelanicables.com