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Power to **PROGRESS**



Kelani Cables PLC has been in operation for over 46 years, and has proved itself to be a company that is strong, stable and resilient. We are one of the nation's biggest manufacturers of power cables, telecommunication cables and enamelled winding wires, with a portfolio that is still expanding and a team that is eager to achieve and excel in all that it undertakes to do.

The year under review in this report was a successful one in which we launched several new products and won recognition for our commitment to sustainable business with the Silver award at the National Green Awards 2015 and the awarding of Responsible Care® Logo*.

We believe that our solid fundamentals and prudent business strategies will drive us steadily forward, giving us the strength and staying power we need to keep achieving more in the years that lie ahead.

* Responsible Care is a collective initiative by the global chemical industry in order to improve chemical handling practices and improve work place safety. Lanka Responsible Care Council, is the authorized body in Sri Lanka to certify organizations for Responsible Care. As a signee to the initiative, Kelani Cables is committed to implement the Responsible Care Global Charter within the company.

Our Vision

To become the nation's leading electrical solutions provider

Our Mission

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

Our Core Values

- **Respect**
- **Integrity**
- **Quality**
- **Family**
- **Learning**

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About the Company

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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 500 - strong workforce and a solid reputation for quality and stability.

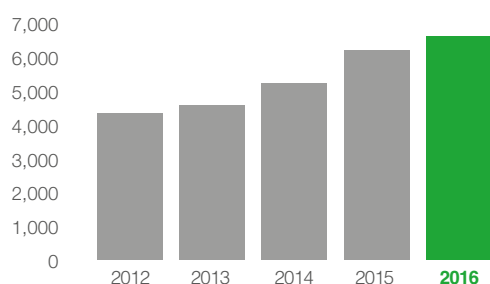
Kelani Cables has undergone several changes in ownership over the years; founded by the Wijegoonawardena family, the company became a subsidiary of the Australian multinational Pacific Dunlop Cables Group in 1994 and in late 1999, the major shareholding was transferred to ACL Cables PLC. These alliances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

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

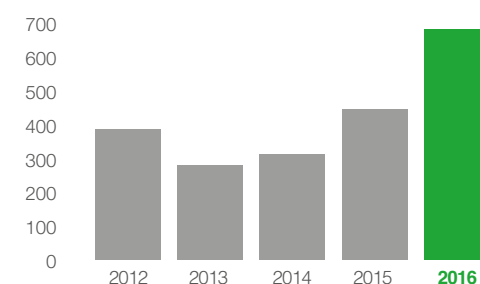
Financial Highlights

For the year ended 31st March,		2016	2015
Turnover	Millions	6,620	6,204
Gross Profit	Millions	1,302	1,023
Profit Before Tax	Millions	681	445
Profit After Tax	Millions	499	326
Net Assets	Millions	3,193	2,759
Net Assets per Share	Rs.	146.47	126.56
Earnings per Share (EPS)	Rs.	22.79	14.78
Return of Investment (ROI)	%	22.6	18.1
Market Price per share (31st March)	Rs.	112.50	80.00

Turnover (Rs.Mn)



Profit Before Tax (Rs.Mn)



Your Company has achieved a sales turnover of Rs. 6.62 Billion surpassing last year's performance and attaining commendable results in all key areas.

Earnings per Share

22.79 Rs

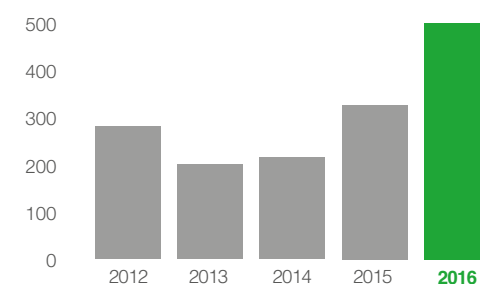
22.6 %

Return on Investment

146.47 Rs

Net Assets per Share

Profit After Tax (Rs.Mn)



System & Product Certifications & Awards

1980

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

1986

SLS 750 Product Certification for All Aluminium Conductors

1994

SLS 412 Product Certification for Auto Cables

2000

ISO 9001 Quality Management System Certification

2004

UL Certification for Enamelled Winding Wires from Underwriters Laboratories of 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 - Award Winner - Manufacturing category
- CNCI Achiever of Industrial Excellence - Gold Award
- Taiki Akimoto 5S Award- All Island 1st Runner Up
- Business Excellence Awards - 2nd Runner Up - Processing, Manufacturing & Industrial Engineering Sector

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

2011

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

2012

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

2013

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

2014

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

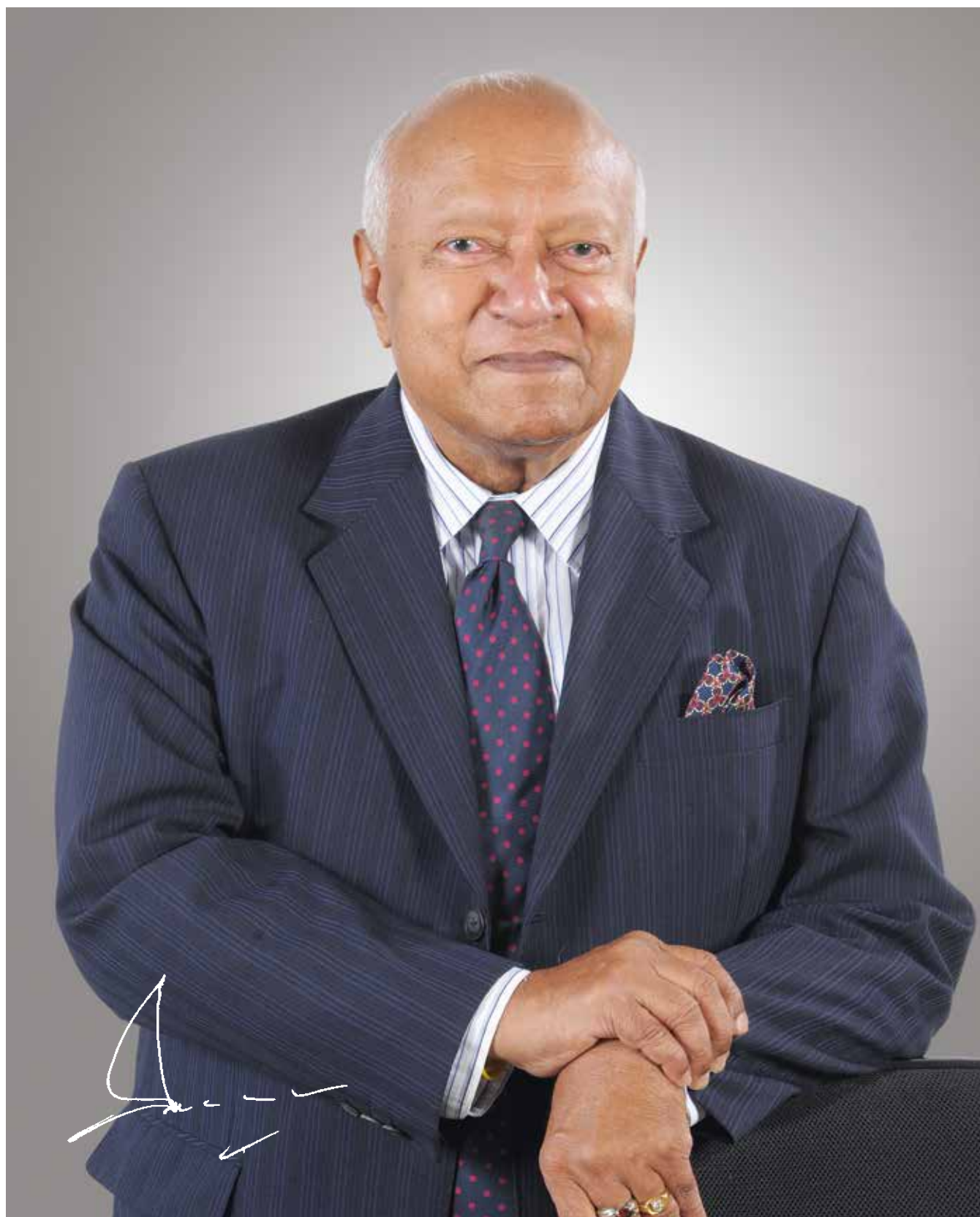
2015

- Awarded the Responsible Care® Logo
- National Green Award - Silver Award (Private Enterprises)
- SLIM Brand Excellence - CSR Brand of the Year - Silver Award
- SLIM Brand Excellence - B2B Brand of the Year-Silver Award
- Asia's Best Employer Brand Award
- Social Dialogue & Work Place Cooperation Award Manufacturing Sector - Bronze Award
- Annual Report Awards 2015 - Certificate of Compliance in Manufacturing Sector



Chairman's Review

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Your Company has achieved a sales turnover of Rs. 6.62 Billion surpassing last year's performance and attaining commendable results in all key areas.

The year under review was one of significant changes for Sri Lanka. Many uncertainties prevailed in the country especially with the Presidential Election followed by the General Election. Subsequently, inconsistent policies and ad hoc changes in taxation dampened the economic activity in the nation.

In spite of the above impediments we are indeed proud that our team did well to record a sales turnover of Rs. 6.62 Billion the highest in the history of the company and achieve such excellent financial results.

Financial Performance

	2015/16 Rs.Mn	2014/15 Rs.Mn	Growth Rs.Mn	Growth %
Turnover	6,620	6,204	416	6.7%
Gross Profit	1,302	1,023	279	27.3%
PBT	681	445	236	53.0%
NP	499	326	173	53.1%

The gross profit grew by 27.3% and Profit before Tax by 53.0% and the Net Profit by 53.1%.

Expansion Program

Several initiatives under our expansion programme continued during the year under review. The cutting and rewinding units are fully functional after relocating to the new premises. The drum yard, now also located at the new premises is performing well. In addition, the handling and traceability of cables is much easier and more efficient at present as well. These initiatives have also helped to serve our customers effectively.

The proposed central warehouse is currently being planned and designed to meet our requirements. We are confident that this vital addition will help us to serve our customer even more efficiently and minimise our operational costs further.

Share Performance

Your share traded between Rs. 80/- and ended at Rs. 112.50 by the end of the financial year. The earnings per share went up to Rs. 22.79 from Rs. 14.78 last year.

Our Achievements

The many prestigious awards and accolades we have won over the years affirm the stability of the Company

and drawing attention to the robust systems and processes that drive our success. We are proud to have won the Silver Award at the National Green Awards Competition organized by the Mahaweli Development Authority and the Ministry of Environment in association of the Central Environment Authority (CEA). We also won the Asia Best Employer Brand Award in Singapore organized by the Employer Brands Institute & World HRD Congress endorsed by the Asian Federation of Business.

We were recognized by the Sri Lanka Institute of Marketing at the annual SLIM Brand Excellence 2015 receiving a Silver award in the Business to Business (B2B) category and a Silver Award for the Best CSR category.

We also won a Bronze award at the Social Dialogue Excellence Award 2015 conducted by the Department of Labour - Social Dialogue & Workplace Cooperation.

CSR Projects

Kelani Saviya

Our key CSR initiative Kelani – Saviya has now been in operation for nine years. To date, over 250 technicians have completed the course at the University of Peradeniya, Engineering Faculty and we are pleased to record that some have obtained very lucrative employment in Sri Lanka and abroad after obtaining the training.

Kelani Shakthi

Our newest CSR venture, Kelani Shakthi is progressing well with the first batch of technicians passing the examinations successfully. The faculty of Engineering, University of Jaffna are pleased with the results in this first year with 23 technicians passing out. The awards ceremony is scheduled to be held in Killinochchi.

Future Outlook

In view of our continuing success over the years and the Company's ability to hold strong despite uncertainties we are confident of our capacity to strategically grow our business in a sustainable manner in the future. With our continuing drive for expansion into the global market we have set firm goals for our export business. We plan on targeting one new country per year whilst growing the existing markets in Maldives, Bangladesh, Dubai, Seychelles, Australia and South Africa.

Appreciation

I hereby express my gratitude to the Board of Directors and to the Director/Chief Executive Officer Mahinda Saranapala for the continuing support and guidance during the period under review enabling us to record another successful year of operations. I thank all our employees for their invaluable services and contributions as well as their dedication towards the Company. I also acknowledge with gratitude all our customers, distributors, dealers, bankers and suppliers for their loyalty to the Company. The trust of our shareholders in the management and the Board of Directors is also much appreciated.

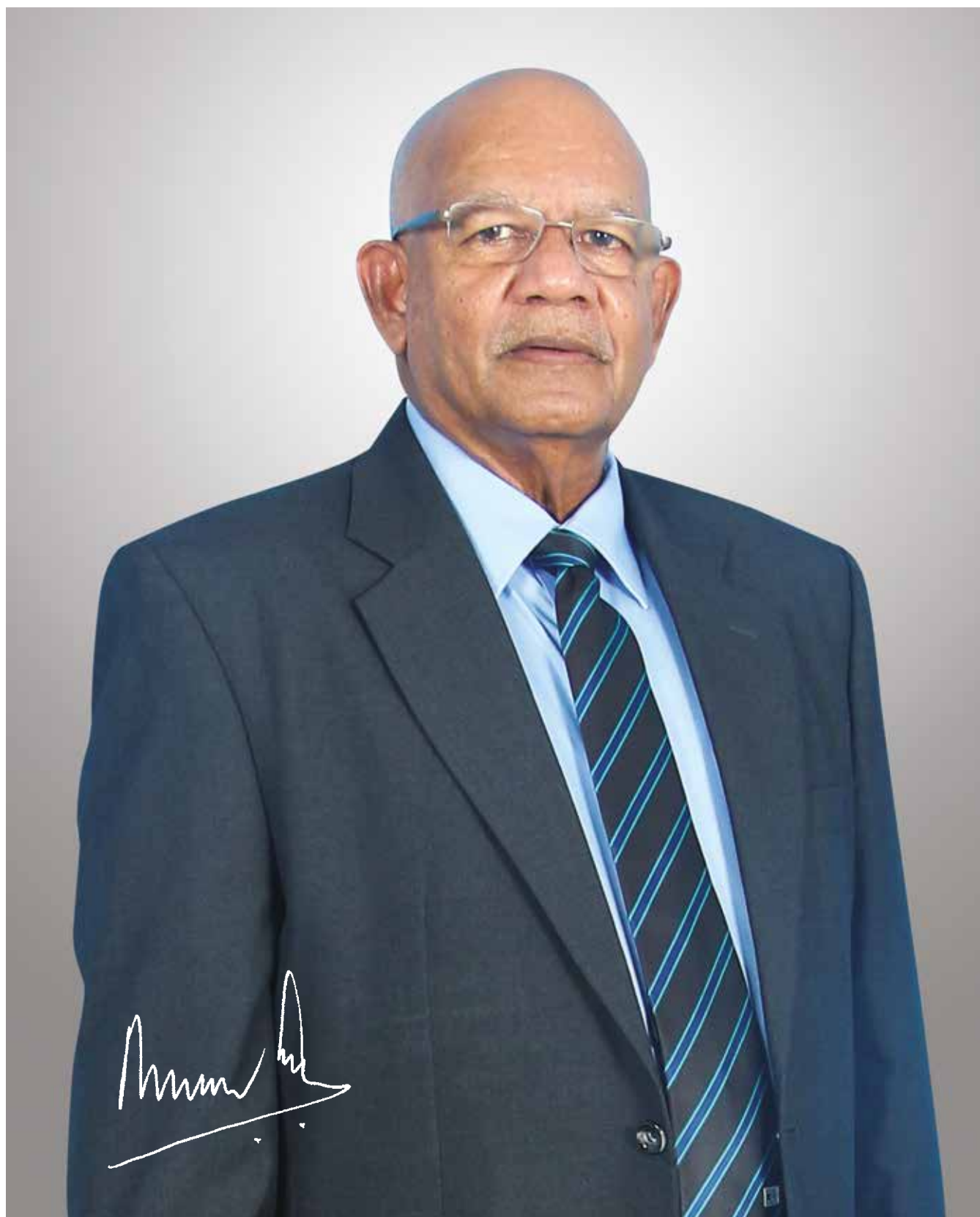


Upali Madanayake
Chairman

29th June 2016

Director/CEO's Review

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We have set a clear strategic direction over the last five years and during the year 2015/16 our team demonstrated their commitment to work towards our collective objective of consolidating on the rock solid fundamentals in place.

We are pleased to report that your company has maintained the growth momentum with good performances from "Team Kelani" this year too. With our clear strategic direction we have been able to get the maximum from all our resources to record the highest turnover of Rs. 6.62 Bn for the year under review.

Focusing on our theme of sustainable growth and profits the results are very encouraging:

	2015/16 Rs.Mn	2014/15 Rs.Mn	Growth Rs.Mn	Growth %
Turnover	6,620	6,204	416	6.7%
Gross Profit	1,302	1,023	279	27.3%
PBT	681	445	236	53.0%
NP	499	326	173	53.1%

Our top line grew by 6.7% and the highest turnover recorded is Rs. 6.62 Billion. The gross profit increase year on year was 27.3% and profit before tax was 53.0% more than last year. Moreover, profit after tax was 53.1% more than the last financial year.

Sales & Marketing

This year too, our sales team has performed extremely well despite competition in the local market. The year on year turnover growth is 6.7% and this has helped our Company to maintain market share. Redistribution, Projects, CEB/LECO and Exports have contributed to boost sales turnover to Rs. 6.62 Billion which is the highest in the history of your company.

Human Resources

We place high priority on maintaining exceptional relations with our staff and have constant dialogue with them. To that end, regular JCC/welfare meetings are held and employee training on various topics is conducted by internal and external resource personnel. Eminent resource persons are invited as guest speakers on various management topics once a month – an event much appreciated by the management team and eagerly looked forward to by all. We are also working actively on improving employee engagement in all our activities.

Manufacturing

The manufacturing plants 1,2 & 3 utilized all the resources available efficiently and supported the sales and marketing effort by providing all requirements as per the budget whilst maintaining the required quality standards as well as meeting delivery targets. All products manufactured for exports also met the required stringent international standards. This is indeed a creditable performance of the operations and maintenance staff.

Achievements

- We have been recognized by the LMD Magazine in their LMD 100 Sri Lanka's Leading Listed Companies and continue to progress up the rankings annually.
- The prestigious awards and accolades which we have received over the past several years highlight the company's robust systems and processes. We continue this journey of success receiving recognition by several organizations during the year under review:
- Silver Award at the National Green Awards conducted by the Mahaweli Development and Environment Ministry in association with the Central Environment Authority.
- Asia's Best Employer Brand Award in Singapore, conducted by the Employer Brand Institute and World HRD Congress endorsed by the Asian Federation of Business.
- Silver Award at the Slim Brand Excellence B2B category.
- Silver Award in the Best CSR category.
- Social Dialogue Excellence Award conducted by the Ministry of Labour.

Community Engagement

Our approach towards engaging with the communities we operate in is based on meaningful and active collaboration, participation and dialogue which results in mutually beneficial relationships. This year too, we continued our community engagement activities as per our deep commitment to that cause.

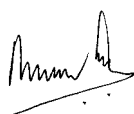
Future Outlook

As in the past we will strive to maximise the efficient use of our resources to sustain growth and assure our shareholders of better corporate performance. We envisage that the political and economic environment will be stable with consistent policies to work with. Let us look forward to another year of good corporate performance.

Appreciation

In conclusion, I express my appreciation to the Chairman, Deputy Chairman, and Board of Directors for the support and guidance given during the year. The excellent support extended by the management and employees is also much valued.

I also acknowledge the consistent support extended to us by our business partners, the banks, Government institutes, local authorities, customers and suppliers.



Mahinda Saranapala
Director/Chief Executive Officer

29th June 2016

Board of Directors

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Mr. Upali Madanayake
Chairman



Mr. Suren Madanayake
Deputy Chairman



Mrs. N. C. Madanayake
Director



Dr. Ranjith Cabral
Director



Dr. Bandula Perera
Director



Mr. Mahinda Saranapala
Director/CEO

Mr. Upali Madanayake *Chairman*

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

He joined the Board of Associated Motorways Ltd, and subsequently became the Deputy Chairman of the Company. He became a Director of ACL Cables PLC (then Associated Cables Ltd.) in January

1963, its Managing Director in July 1978 and Chairman cum Managing Director in May 1990. He relinquished his duties as Managing Director in September 2005 after appointing Mr. Suren Madanayake as Managing Director.

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

Mr. U.G. Madanayake is also the Chairman of Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd., ACL Plastics PLC and Lanka Olex Cables (Pvt.) Ltd. He is also a Director of ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt) Ltd., Ceylon Copper (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs &

Electricals Ltd., ACL Electric (Pvt.) Ltd. and RESUS Energy PLC. He has over 50 years experience in the cable Industry.

Mr. Suren Madanayake *Deputy Chairman*

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

Deputy Chairman of Kelani Cables PLC. In 2014, he was appointed as a Chairman of RESUS Energy PLC.

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

Mrs. N. C. Madanayake

Director

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

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

Dr. Ranjith Cabral

Director

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

Dr. Cabral has held several Senior Management positions in both the Public and Private sectors, and a Past President of the Institute of Personnel Management Sri Lanka (IPM). Dr. Cabral is currently the Director of the Bandaranaike Centre for International Studies (BCIS) and also a member of the Council of Management of BCIS. He is the

Chairman/Director of Sikshana Educational Investment (Pvt) Ltd, Sparkgrid Pvt Ltd and Lideke Wery Educational Institute of Sri Lanka, which is supported by the Lideke Wery Foundation (LWF) in the Netherlands. He is also a Council Member of the South Asian Institute of Technology and Medicine of Sri Lanka (SAITM) and a Board Director of the SAITM Ltd.

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

Dr. Bandula Perera

Director

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

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

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

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

Mr. Mahinda Saranapala

Director/CEO

Mr. Mahinda Saranapala was appointed as the Chief Executive Officer of the Company on April 1, 2011.

His career spans over 40 plus years and he has worked for top Sri Lankan corporates such as Ceylon Tobacco Company, The Maharaja Organization Ltd, Nawaloka Polysacks Ltd and Phoenix Industries Pvt Ltd. He held senior management positions and served as the Joint Managing Director of Phoenix Industries Pvt Ltd up to 1998.

He was awarded four scholarships to Japan and has had specialized training in Productivity concepts and many Japanese Management techniques. He is known as one of the finest 5S/Kaizen practitioners in Sri Lanka. Incorporated his own company in 2004 mainly to offer consultancy in enhancing productivity to Sri Lankan corporates. He has provided consultancy services to approximately 62 companies and many of them have enhanced their productivity and also won national and international awards. He is the first Sri Lankan to be appointed as a consultant of the Kaizen Institute India. Kaizen Institute operates in 45 countries worldwide.

He received a merit award from the Plastics and Rubber Institute for the outstanding contribution made to the polymer industry in Sri Lanka in 1992. The Japan Sri Lanka Technical & Cultural Association (JASTECA) recognized him, at the annual Jasteca awards night held on 23 March 2013 in appreciation of his contribution to the growth and development of JASTECA and for initiating the implementation of the 5S concept and for his devotion and continuing efforts to promote and propagate 5S in Sri Lanka.

He was commended by the Ambassador for Japan in Sri Lanka, on 11 May 2015 in recognition of his distinguished services in contributing to the deepening of mutual understanding and friendship between the people of Japan and Sri Lanka.

He serves as a member of the board of advisors to the Sri Lanka Association for the Advancement of Quality and Productivity-SLAAQP.

He is a past president of Japan Sri Lanka Technical & Cultural Association and now serves as a member of the Board of trustees of Jasteca.

He is a distinguished old boy of St Peter's College Colombo.

Mr. Mahinda Saranapala was appointed to the Board of Kelani Cables PLC on December 23, 2015. He now serves as the Director/Chief Executive Officer.

Senior and Middle Management Team



Hemamala Karunasekara
Chief Financial Officer



Anil Munasinghe
General Manager – Marketing



Upul Mahanama
General Manager – Operations



Abhaya Ranawaka
Manager - Projects & Engineering



Devinda Lorensuhewa
Marketing Manager Exports



Sajeewa De Zoysa
Manager Procurement



Gihan Wijerathne
Manager - Plant 1



Namalke Ekanayake
Manager - Plant 3



Shyama Perera
Manager Technical Operations



Kumara Withanarachchi
IT Manager



Narmal De Zylva
Stores Manager



Ralph Rajasundaram
Sales Controller



Rohana Wadduwage
Sales Manager - Power & Energy Sector



Channa Jayasinghe
Manager - Brand Development



Asela Jayatillaka
Accountant



Gihan Vidanagama
Manager - Human Resources



Sagara Balasuriya
Manager - Transport



Chaminda Waidyathillake
Sales Manager - Distribution



Suranga Pathirana
Sales Manager - Projects



Ajantha Yainna
Sales Manager - Lighting



Dinuka Chandrakeerthi
Production Manager Plant 1



Jaliya Ranaweera
Production Manager Plant 3



Chinthaka Fernando
Asst. Manager - Quality Assurance



Pradeep Roshantha
Asst. Manager - Plant 2

Business Review & Marketing Strategy

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

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

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

Marketing Strategy

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

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

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

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

Market Segments

Our marketing strategy targets four main segments.

Projects

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

In keeping with the segmental growth, the projects team was further restructured to provide greater customer focus and quick response to customer

Kelani brand is now a powerful force in the Maldives and several initiatives were taken to strengthen the brand equity. Among them Taxi branding, Participation in exhibitions and poster campaigns conducted can name as vital initiatives.



Marketing Communications

inquiries. Decision making has been further decentralized and team leaders empowered operationally. The support staff at the Projects division was strengthened, in order to provide the sales team greater mobility and flexibility.

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

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

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

Exports

Kelani brand is now a powerful force in the Maldives and several initiatives were taken to strengthen the brand equity. Among them Taxi branding, Participation in exhibitions and poster campaigns conducted can name as vital initiatives. All these efforts will deliver superior results in near future.

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

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

Power and Energy

A dedicated team continues to serve this segment and excellent results were achieved during the year with the rural electrification projects. We are equipped for the future development opportunities in this segment.

Distribution

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

A sales force automation system was introduced island wide and several steps have been taken improve the distribution efficiency.

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

Kelani Electricians' club is playing a major role in developing distribution sales. Continues promotional and educational activities for registered electricians helped enhancing the relationship with Kelani.

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

Lighting Division

In the year under review the lighting range was further expanded, our strategy for the expansion was primarily occurred through the customer satisfaction and success stories. A successful product introduced to the market raised the brand equity significantly among the retail buyers.

Our primary target market is the retail sales, we already have existing sales relationship with the retail industry and we will expand to modern trade, government, institutions and industries, hospitals, airports, hotels, universities, city lighting, office buildings, libraries and gyms.

Several new products under lighting portfolio will be introduced with the increasing interest in sustainability, a market for high efficiency; environment friendly lighting has been created.



Distributor Convention 2015

Brand Building

Your company continued to invest significantly in building the Kelani brand and enhancing brand equity. As in the past years a combination of strategic and tactical brand building initiatives were conducted throughout the year. These initiatives have resulted in a dramatic increase in consumer and dealer loyalty. The Kelani brand continues to be positioned on a safety platform at all times. Kelani brand has been awarded Silver Award on B2B brand of the year category and Silver Award in CSR brand of the year category at SLIM Brand Excellence 2014/2015.



Several new products under lighting portfolio will be introduced with the increasing interest in sustainability, a market for high efficiency; environment friendly lighting has been created.



SLIM Brand Excellence 2015 CSR Brand of the Year - Silver Award

Internal Marketing

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

Customer Service And Retention

The backbone of your company's marketing strategy is excellent customer service. 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

Built to Connect, Power and Protect

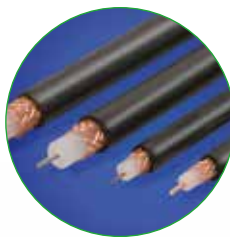
Bare conductors

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



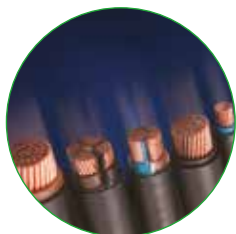
TV Down Leads/ RG Series

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.



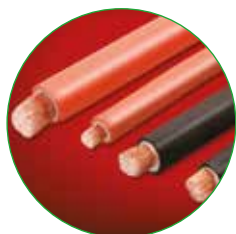
Armoured and Unarmoured Power Cables

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.



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.



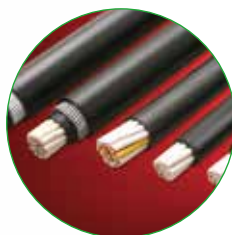
Kelani Enamelled Winding Wires

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



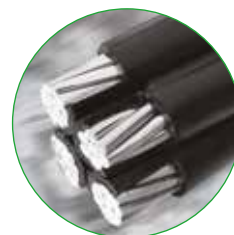
Control Cables

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.



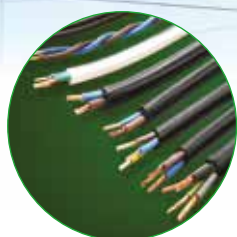
Aerial Bundled Cables (ABC)

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.



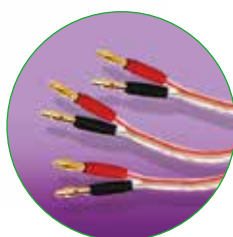
Iron Cables

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.



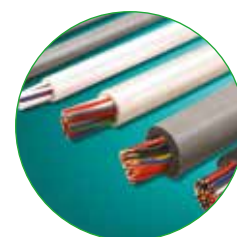
Flexible Cords

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



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 pair.

Product Portfolio

Built to Connect, Power and Protect

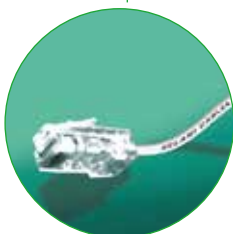
3 core & 4 Core with Reduced neutral

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



Trailer Cable

Copper 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.



Cables to Australia / New Zealand Market

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



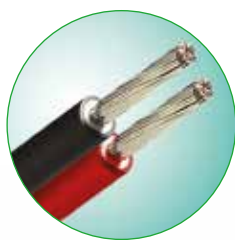
RG6 Jelly Filled Cable

75 OHM RG 6 Jelly Filled Coaxial Cable suitable for 3000MHz frequency. Country of origin - Korea.



Jumper/Booster Cable

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

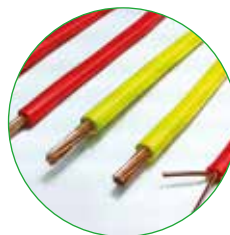


Solar Cables

Halogen Free UV resistant PV Solar Cables meet the requirement of international standard TUV 2pfg 1169/08-2007. Sizes available - 4mm², 6mm², 10mm² Country of origin – Taiwan.

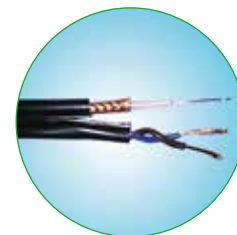
Cable to Bangladesh Market

Copper conductor with PVC Insulated, Manufactures to BDS 900:2000 to a voltage ratings of 450/750V.



Kelani CCTV Camera Cable

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



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.



Cat 5e and Cat 6

UTP 4 pair 24 AWG CMX Country of origin – Korea .



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.

Sustainability Report

ENVIRONMENTAL STEWARDSHIP

Kelani Cables improved its environmental performance during the year. Environmental management committee took several decisions during the year such as to purchase only LED lights for company use and replacing most of wooden drum requirement with reusable steel drums. Greening of Kelaniya and Siyambalape plants, starting composting of tree foliage and start of using well water instead of city water line are some of the programmes we initiated during the year. Energy efficiency projects have been effective in reduction of electricity consumption per kilogram of product manufactured. This development has economic benefit in reduced operating costs. It has eventually indirectly resulted in carbon footprint reduction as electricity is the main or sole energy source used in production. With the ongoing projects and programs on energy efficiency we expect the electricity per unit product output to come down further.

National Green Award

The company won Silver accolade in the Private enterprise sector at the National Green Awards 2015 which was hosted by The Ministry of Environment. The evaluation criteria for the award included measures to prevent environmental pollution, investments on environment, waste management practices, effectiveness of environmental management system, workplace safety and community related programs. Kelani Cables is proud to have been the only cable company to clinch this award.

Green Footprint 2.0

Green footprint 2.0 is an environmental education program conducted by AIESEC organization of the University of Sri Jayawardenapura and participation of students from foreign universities with assistance from the industry. Kelani Cables is proud to have been involved in this endeavour as a sponsor which motivates and develops young school children on environmental conservation. Students of two schools in Malabe were involved under the program for in-house participative and collaborative environmental education sessions, tree planting, innovative idea generation and interactive fun activities with foreign university students. Kelani Cables environment team also participated in the events.

Kelani Cables commits to make the younger generation aware to encourage them to be environmentally conscious at school and at home.

Sustainability is core to our strategy, ensuring we integrate environmental, social and economic factors into our decision-making. In developing our sustainability strategy, we ensure a close knit integration between the stakeholders' interest, important environmental concerns and our core business. We are committed to being responsible stewards of the natural resources we use in our operations and seek to minimize our environmental impact. We are fully aware that the future of our business will depend on how well prepared we are."



Kelani Cables won Silver award in Private enterprise sector at National Green Awards 2015



A foreign university student joining with a group of school children to develop an innovative water conserving idea at the Green Footprint 2.0 event

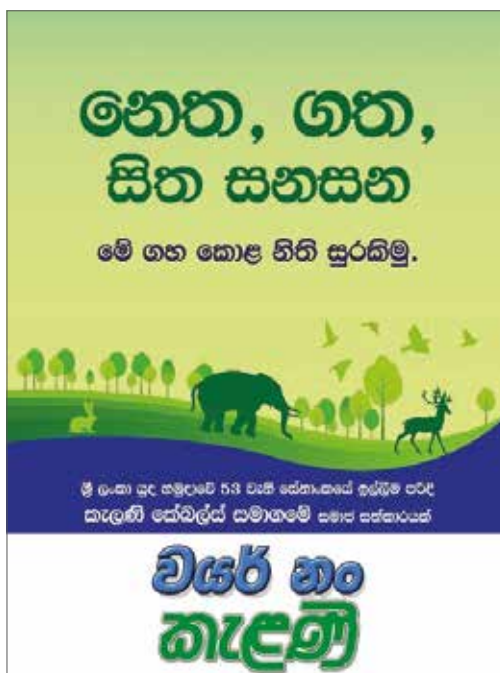


Environment

Kelani Cables promotes its environmental vision to its stakeholders via society aimed environmental projects



Kelani Cables environment team participated at a school tree planting event in Malabe



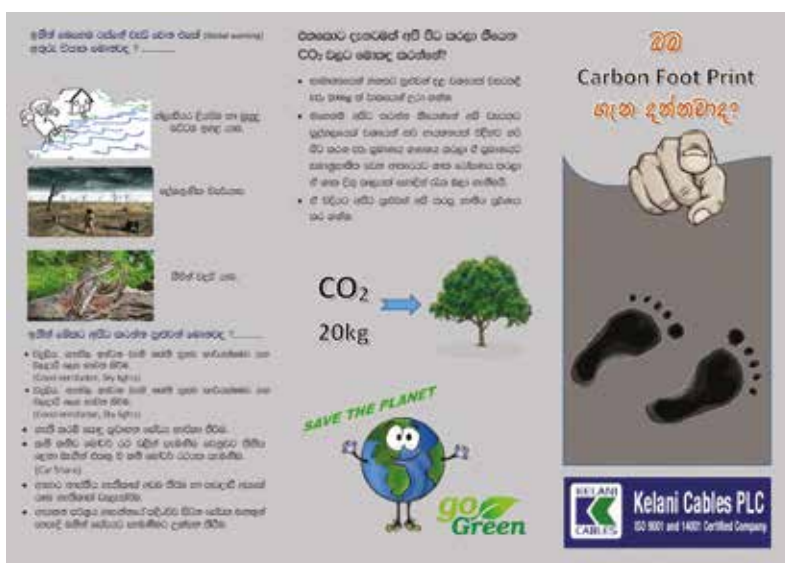
We set up messages on banners urging people to, keep water sources clean by not putting litter on them, to save trees and not put litter in forest areas.

Creating awareness

As we do our bit for preserve environment in our operation areas, it is our responsibility to encourage others to do their part. Continuing our awareness banners in public areas, this year we set up banners on roadsides in the Dambulla area. We must appreciate the commitment made by the 53rd Division of Sri Lanka army in this program. We set up messages on banners urging people to, keep water sources clean by not putting litter on them, to save trees and not litter forest areas.

Carbon footprint calculation

Carbon footprint is the total amount of carbon dioxide (CO₂) or equivalent greenhouse gases (tCO₂e) released to environment as result of an organizations' internal and external activities. Greenhouse gases cause global warming and triggers climate changes. Calculating and knowing an organizations' carbon footprint is important in an eco-friendly perspective as to know to what extent they contribute to global warming and in an organizational performance perspective to know how much waste is produced. Kelani Cables calculated its carbon footprint for the year under review. We are committed to reduce our carbon footprint over time to bring down our impact on climate change and to be resource efficient. We prepared a leaflet to educate our employees and our other stakeholders on reducing their carbon footprint.



Sustainability Report

Water footprint (WFP)

Water footprint is an indication how much water an organization uses for various purposes. Kelani Cables environment team is investigating on how we can use water more productively and came up with several projects recently. We recently started using water from a ground well for domestic purposes which reduces our demand for water from Water board lines. We prepared a leaflet to educate our employees and our other stakeholders on reducing their water footprint.



Air quality measurements

We strive to maintain our facilities less air polluted to ensure a safe workplace to the inhabitants and our neighbours. We regularly monitor the Sulphur oxides (SOx), Nitrogen oxides (NOx), Respirable dust content and Non methane volatile organic carbon (NMTVOC) in our facilities.

Responsible Care®

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

Responsible Care is a collective initiative by the global chemical industry in order to improve chemical handling practices and improve work place safety. Kelani Cables was authorised to use the Responsible Care logo after auditing the company's readiness for the Responsible Care requirements.



Contribution to environmental education

Kelani Cables conducted interactive training sessions for university students on ISO 14001 & environmental management with practical hands on experience at factory locations. During the past year we provided environmental management trainings for students from University of Kelaniya, University of Colombo and University of Ruhuna.



A team of students from University of Colombo visiting Kelani Cables for a ISO 14001 training programme

Submitted first comprehensive Green Report to Ministry of Environment

Kelani Cables as a Tier 2 signatory to the National Green Reporting System submitted the first comprehensive Green Report to the Sustainable Development division of the Ministry of Environment. The indicators we selected to report on are as follows.

Econ 1: Direct Economic Value Generated
Econ 2: Coverage Of Organizations' Defined Benefit Plan Obligations
Envt 1 Materials Used By Weight
Envt 2 Percentage Of Materials Used That Are Recycled Materials
Envt 17 Total Weight Of Solid Waste By Type And Disposal Method
Envt 22 Monetary Value Of Significant Fines And Total Number Of Non-Monetary Sanctions For Non-Compliance With Environmental Laws And Regulations
Socl 1 Total Workforce By Employment Type, Employment Contract, And Region
Socl 2 Total Number And Rate Of Employee Turnover By Age Group, Gender, And Region

Transition to ISO 14001:2015 from ISO 14001:2004

We are currently in the process of transitioning to latest version of ISO 14001 which has integrated focus on product life cycle thinking. Some of our staff has already participated in training programs on implementation of the new standard.

Safer disposal of electronic waste and plastic waste

Electronic waste collected at our facilities are handed over safely either for recycling or environment safely disposal. , Mercury containing fluorescent bulbs are handed over to a recognized recycler. Some of the plastic waste from our production is used by SME shoe manufacturers as a raw material. Non re-usable plastic quantity is incinerated through a recognized waste disposer to minimize land pollution.



Being a role model and encouraging others for a greener future

We published our last year environmental achievements on printed and web media, communicating to our stakeholders about our concern on environmental performance and what we have achieved. We hope this will encourage our stakeholders to implement and improve environmental management in their operations to conduct a sustainable business.



Sustainability Report



Kelani Quality Week

Consistent Quality and Economic Sustainability

Kelani Quality Week

Consistent Quality is a key for surviving in the competitive business. Kelani Cables, since its inception in the year 1969 through first SLS certification in the 1980s to international UL certification for enamelled wires, has kept consistent focus on the quality of its products and services. Our cables carry Sri Lanka Standards Institution's certifications SLS 412, SLS 733, SLS 750, SLS 1143, SLS 1186 and our enamelled winding wires carry the Underwriters Laboratory (UL) certification. Kelani Cables has a matured quality management system that is our core strength of delivering consistently quality products to the market. Coinciding with the National Quality Week and World Standards Day, we celebrated Kelani Quality Week in October 2015. Our employees wore the "Quality Badge" during the week and participated in a poster competition on importance of quality, interactive lectures on manufacturing and process quality and auditor training programs. We also participated in the vehicle parade organized by Sri Lanka Standards Institution to communicate importance of quality to general public.

Product Quality and People quality emphasis during Quality Week

Inspirational lecturer Sanjeev Jayaratnam during an interactive lecture on stress management for the Kelani Cables management team

Educating general public on quality is important to the sustainability of industry. Our team participated in the vehicle parade organized by SLSI.



Educating general public on quality is important to the sustainability of industry. Our team participated in the vehicle parade organized by SLSI.



Inspirational lecturer Sanjeev Jayaratnam during an interactive lecture on stress management for the Kelani Cables management team

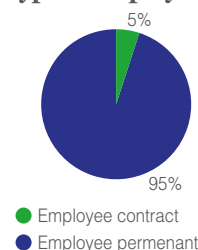
OUR PEOPLE

Kelani Cables' Human Capital is the primary component of its earning potential, productivity and long term sustainability. Our holistic approach to the management of its Human Capital encompasses ensuring diversity, employee satisfaction and continuous engagement, stringent policies on health and safety, talent management, career development, training and development.

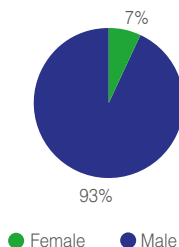
Employee Diversity

As an equal opportunity employer, Kelani Cables encourages workplace diversity, bringing about innovative thinking while creating an enabling environment which promotes a productive workforce. The workforce as at 31 March 2016 was 514 of which 488 were employees and 26 were contract personnel. Certain non-core activities such as security, janitorial and tea service are outsourced in order to improve operational efficiencies. Company ensures that the suppliers of these services are vetted thoroughly and meet the required minimum standards in terms of employee wages and statutory payments.

Workforce by type of employment

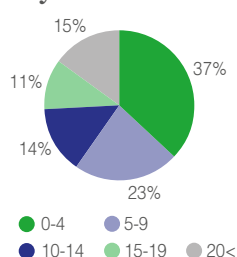


Gender Diversity

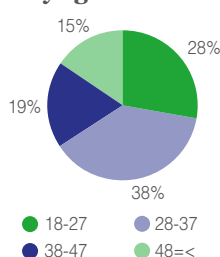


Kelani Cables is an equal opportunity employer and our recruitment and resourcing policies require that all candidates who meets the minimum criteria must be provided equal opportunity to be considered for roles in the organization.

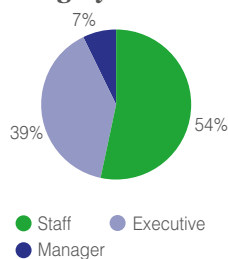
Total employees by service



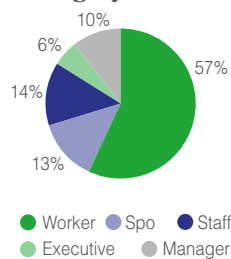
Total employees by age



Female employees category wise



Male employees category wise



Recruitment and Retention

Kelani Cables is an equal opportunity employer and our recruitment and resourcing policies require that all candidates who meets the minimum criteria must be provided equal opportunity to be considered for roles in the organization. Whilst our preference is to identify talent from within when resourcing mid-level and senior-level roles, in parallel we conduct market benchmarking exercises to ensure we appoint the best possible candidate for these critical roles. We also recruit at other levels for our business needs and ensure sufficient training is provided to enable outstanding performance. We are an equal opportunity employer with zero tolerance of child labour and forced labour in accordance with the UN Global Compact principles. All our employees are resourced from Sri Lanka and our preference is to recruit entry level staff for Trainee positions from all the geographic areas. Our

partnerships and collaborations with universities and technical institutions, allows for the Company to attract some of the best talent whilst offering students opportunities to intern at the Company.

Training & Development

At Kelani Cables, we are committed to developing our people. Our, training and development programmes are key policy components of talent retention and ensuring a sustainable competitive advantage to all employees. Each year, training hours for employees are determined on a needs basis, aligning the business specific requirements with gaps identified in employee skills and the roof competencies as outlined in training and development policy guidelines. Through the performance management system, employees can request for training when conducting self-appraisals while supervisors also nominate employees for training based on the needs in line with the company's training calendar. On average, 10 hours of training was provided per employee, with average training hours per annum amounting to 12 hours. We also encourage employees to pursue self-development under our "Education Assistance" scheme.

Sustainability Report

The current year saw the personal development and attitude blast training for operational staff to performance for better engagement and developing teams for better engagement. As part of its career development strategy, the HR carries out leadership development programmes, management development programmes, and technical / functional training programs covering all employees in all divisions. Guest Speaker Program continues to share the best practices in other organization which brings high calibre professional address the management and executive staff of Kelani Cables once a month. Additionally, an executive program on energy management in manufacturing industry (PEMM) 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.

Performance Appraisals

Performance management cycle ensures that all employees undergo regular appraisals. Formal feedback is provided on a bi-annual basis to the executive cadre and once a year to all others. This process ensures constant dialogue and seeks to assist in continuous improvements in performance. A number of employee recognition schemes are in place, such as CEO's Awards, Kaizen Awards & etc.

Occupational Health and Safety

Kelani Cables places the highest importance on ensuring a safe working environment for all its employees, taking steps to ensure that health and safety concerns are prioritized and addressed across the company. All divisions have been empowered to undertake any measure it may deem necessary to ensure that it is a "Safe Place to Work". As part of its HR strategy, incidents are logged, recorded and tracked on a continuous basis.

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

The Welfare Society also organized an Annual 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.

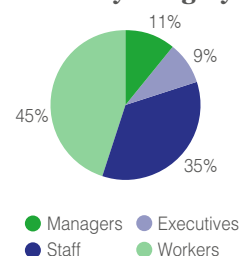


Inspirational lecture Dr. Kuma Iddamallena lecture on Attitude Blast & motivation for the operations staff



Hazard identification and risk management training program facilitate by Mr. Justin Perera for safety committee and head of divisions

Total Training Hours by Category



Total Training Hours



Employees

Kelani Cables's Human Capital is the primary component of its earning potential, productivity and long term sustainability.



Fire training program and fire evacuation drill



First Aid training program for First Aid Team

but also with that of their colleagues. Several Training programs were held during the year, in connection with safety aspects. Some of were First Aid training for First Aid Team, Fire Training for Fire Team, Occupational Health and Safety programs for all employees and Defensive Driving training session for all the Drivers. Apart from those we have carried out a strong operational hazards identification, mitigation and gap analysis consult with outside consultant and improved the standard to go for the OHSAS 18001:2007 certification.

Creating a Healthy “Work – Life” Balance

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



Annual Employees Day @ Avendra Beach Hotel

The Welfare Society also organized an Annual 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. It also provides financial assistance to the employees' at the time of a death of a family member, marriage and donations for children for their education. This year also Welfare Society organized the Medical Campaign for all employees in collaboration with the Royal College Doctors Association. This year we have organized Musical event at BMICH which was success and boom our welfare fund.

The Joint Consultation Council is creating an excellent opportunity to discuss matters relating to productivity, value addition, working practices and operational issues. Here, committee members can raise any issue on behalf of their department, and the forum provides an ideal environment to take appropriate action to resolve issues, maintain transparency, build trust, and ensure harmony in the workplace.

We publish a newsletter “Kelani Sanhinda” bi-annually in Sinhala which contains highlights of company activities. Kelani Cables Cricket Team participated in the annual mercantile cricket tournament every year. CEO's Challenge Trophy is an annual cricket tournament for all managers and executives as a sport day.



Annual X'mas Party celebrations

Sustainability Report

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

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Annual New Year Festival



Musical program @ BMICH organized by the Welfare Society of Kelani Cables PLC

Employee Recognition

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

The Kaizen Programme is another recognize and reward programme plays an essential role in building a culture of continuous improvement, a culture of innovation and creativity.



CEO's Award @ Hotel Anantaya



Recognition for Kaizen suggestions

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Affirming our endeavours at best HR practices, Kelani Cables PLC recognized and honoured as “Asia’s Best Employer Brand Award” at 6th Asia Best Employer Brand Awards which hosted by Employer Branding Institute: World HRD Congress & Stars of the Industry Group, with a CHRO Asia Strategic Partner & Endorsed by Asian Confederation of Businesses.

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CEO & HR Manager receiving the Asia's Best Employer Brand Award



Won the Bronze Award in SD Excellence Award

Affirming our endeavours at best HR practices, Kelani Cables PLC recognized and honoured as “Asia’s Best Employer Brand Award” at 6th Asia Best Employer Brand Awards which hosted by Employer Branding Institute: World HRD Congress & Stars of the Industry Group, with a CHRO Asia Strategic Partner & Endorsed by Asian Confederation of Businesses. The jury consisting of Senior Leaders, Researchers & Academicians included some top Professionals from different parts of Asia. The Jury has chosen award winners based on being exemplary in Learning & Development Initiatives, communicating distinctiveness in Employee hiring, training & retention practices and continuous innovation.

Kelani Cables won the Bronze Award at SD Excellence Award 2015 which organized by the Ministry of Labour. This was a fitting tribute to our aim to always having a better relationship and engagement with employees.

CEO & HR Manager receiving the Asia's Best Employer Brand Award Won the Bronze Award in SD Excellence Award

Way Forward

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.

Sustainability Report

COMMUNITY ENGAGEMENT

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

Kelani Saviya

For the 9th consecutive year our unique initiative “Kelani Saviya” set up to promote professionalism in the electricians’ occupation was conducted under the patronage of former Vice Chancellor, University of Peradeniya, Prof. S.B.S. Abeykoon one of the key founders of the program. During the year review the 9th batch was commenced with 50 students. The key objective of this program is to persuade youth to achieve high standards in their chosen vocation as electrician and gain social recognition as well as better career stability and prospects, set up in 2007, the course registered 400 students from across the island, with over 250 achieving the required goals and completing all three levels to obtain full qualification.

Kelani Shakthi

We have strengthened the above program in the Northern Province with the name of “Kelani Shakthi” and 50 students registered for the initial programme.

Knowledge Sharing

In this year we have given opportunity to 14 organizations to visit our premises and share the best practices of us. Sri Lanka NAVY, Air force, Government organizations, Private organizations, Hospitals and students of vocational training institutes visiting us regularly.

Kelani Electricians’ Club

Our pioneering effort towards raising the standards of electricians, both professionally and socially, completed another successful year by conducting 23 seminars throughout the country with over 100 participants attending each. These covered the area of usage, safety and conservation of electricity.



Group photo of 8th batch of “Kelani Saviya” on awards ceremony date

Scholarship Program

Scholarship programs are being awarded by your company and it is continued till their advanced level exam, 37 scholarships were awarded to children of the electricians who have successfully got through their grade 5 scholarships, in keeping with the club's objective of raising the profile of electricians and helping to uplift their social standards. The insurance scheme for electricians is also continued for another year and claims are coordinated to support and provide assurance to their families.

Motor Winders

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



Electricians' training program



Awarding Scholarships to the electricians' children



Community

The community engagement projects initiated by Kelani Cables helps in forming strong links with the local communities enhancing corporate reputation and competitiveness, retaining employees and contributing towards the economic and social development of people.

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 a broad array of risks which are based on current economic and external factors. Risks arise in all our business activities and these 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 include policies and standard operating procedures to ensure the achievement of Company objectives of efficient business operation, safeguarding assets, prevention of fraud and errors, the accuracy and completeness of accounting records, compliance with laws and regulations and timely recording of all transactions, timely preparation of reliable information.

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

Risk category and Description	Potential Impact	Strategies and Mitigating Actions
Business/ Market Risk The performance of the Company could be adversely affected due to intense competition, unfavourable economic conditions and new entrants	Reduction in fair share of market and loss of revenue Adverse impact on planned profitability and cash flow	<ul style="list-style-type: none"> Company closely monitors competitor activities and strategies. This includes review of market share of competitors' and performance where necessary new strategies are formulated or existing strategies are revised to counter the actions of competitors. Strengthen market position by improving brand image and ensuring availability of the products islandwide. Take advantage of group synergies and ongoing expansion of capacity in target areas. Reduce dependency on one segment by balancing the focus to other segments to create more revenues.
Fraud Risk	Losses arising from fraud, human errors, inefficient processes, natural perils and loss of sensitive information	<ul style="list-style-type: none"> Conduct periodic internal audit reviews and report to the Audit Committee Maintain a business continuity plan to ensure disaster preparedness
Human Resource Risk	Risk arising as a result of inability to attract and retain best capable employees	<ul style="list-style-type: none"> Effective communication lines are developed in the company's culture to foster good employer employee relationships. Regular training programs are carried out in order to infuse motivation, commitment and empowerment among the staff. Career planning and evaluating performance on regular intervals. Maintain healthy and cordial relationship with employees at all levels through joint consultative committees and welfare activities.
Liquidity and Credit Risk	Risk of not being able to generate a positive cash flow	<ul style="list-style-type: none"> Regular financial planning and monitoring systems Trade cycles are analysed with a view to generating liquidity from operations and thereby mitigating liquidity risk Credit risks are assessed, credit limits are set and credit granted is closely monitored Effective business specific credit policies Bank guarantees are obtained to reduce credit exposure Export credit is backed by letter of credits or on cash basis in order to minimise inherent risks

Risk Management

Risk category and Description	Potential Impact	Strategies and Mitigating Actions
Foreign Exchange Rate /Interest Rate Risk	Risk arising as a result of adverse movement of foreign exchange rates may result in declining profitability/ financial position	<ul style="list-style-type: none"> Managing foreign exchange/ interest rate exposure with positive negotiations with banks and applying effective management of financial risk management techniques.
Asset Risk	Potential losses that may be caused due to machine breakdowns and damages from fire, flood or theft	<ul style="list-style-type: none"> Obtain comprehensive insurance covers for plant, machinery and inventory. Carry out planned preventive maintenance programs at regular intervals Maintain firefighting equipment within standards Upkeep security precautionary systems
Technological and Quality related risk	Possibility of products or processes being outdated or obsolete due to advanced technology	<ul style="list-style-type: none"> Manufacture products conform to latest national and international standards. Keep pace with current technological developments in the industry. Upgrade knowledge of technical staff through international exhibitions, trainings and seminars Obtain national and international product certifications to ensure quality and safety. Ensure strong supplier and customer relationship to meet customers changing requirements and suppliers new developments.
Inventory Risk	Risk of carrying Finished Goods inventory that is not saleable, raw materials or Work in Progress inventory that is not usable or obsolete	<ul style="list-style-type: none"> Conduct regular planning meetings to plan production in line with sales demand in order to reduce items made for stock Ensure required quality standards are met at all stages of inventory to verify quality and maintain until the product is delivered
Information Technology (IT) Risk	Risk of IT not being available to support the operation	<ul style="list-style-type: none"> Data back ups are stored in outside locations Mirroring of hard disks with critical data Vendor agreements for support services and maintenance Regular upgrading of virus scanners and firewalls Upgrading of software with new release
Environmental Risk	Risks associated with environmental emissions and the related risks due to regulations, perceived threats etc	<ul style="list-style-type: none"> Ensuring compliance to applicable legal and other requirements Setting environmental objective targets and programs to mitigate the environment impact. Independent review and monitoring of internal control systems and monitoring/ measurement of environmental performance Educating staff on emergency preparedness Practicing the 3R concepts : reduce, reuse and recycle of resources. Disposing of waste in the best possible environmental friendly way

Corporate Governance

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

In pursuit of achieving high standard of Corporate Governance the Board ensures the compliance of the regulations set out in the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Ethics jointly issued by the Securities and Exchange Commission (SEC), the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 7 of 2007 of Sri Lanka (Companies Act).

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

A Directors

A 1 Board Leadership

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

Responsibilities of the Board

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

The Board is responsible for:

- Providing direction and guidance to the Company in the formulation of medium and long term strategies
- Reviewing and approving annual plans and long term business plans
- Tracking actual progress against plans
- Overseeing systems of internal control and risk management
- Appointing and reviewing the performance of the CEO
- Reviewing HR policies and HR process on management succession planning
- Reviewing and approving investments, acquisitions, disposals and capital expenditure
- Monitoring systems of governance and compliance

Board meetings are held once a month. Sufficient time is dedicated at every meeting to ensure all responsibilities are discharged satisfactorily. Timely information is provided before a meeting with a clear agenda with the Board papers. Directors dedicate adequate time before a meeting to review Board papers. The Company convened twelve Board Meetings for the year. Information provided covers the monthly accounts and comparison of performance against the Budget, are discussed and remedial action taken when necessary. Senior Managers make presentations on the performance in their respective area on request. When the Board requests additional information, this is also provided.

Board obtains professional advice when required at the expense of the Company. During the year professional advice was sought on legal, accounting, property valuation and actuarial valuation.

The Directors have not formulated a formalised plan for training. The service and advice of the Company Secretary is made available to the Directors where necessary. The Company Secretary is responsible for keeping the Board informed of new laws, regulations and other requirements that are relevant to them as individuals as well as collectively as members of the Board.

A 2 Chairman and Chief Executive Officer

There is a clear division of responsibilities in conducting the business of the Board and the day-to-day operations in order to ensure a balance of power and authority. A clear division of responsibility is maintained between the Chairman and the Chief Executive Officer ensuring that the balance of power and authority is preserved since the Positions of Chairman and Chief Executive Officer are separated.

A 3 Chairman's Role

The Chairman is responsible for leading, directing and managing the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities.

The Chairman ensures that;

- Good governance and effective discharge of Board functions by the Board Members at all times and implementations of decisions taken.
- Effective participation of both Executive and Non- Executive Directors and views of directors are ascertained.
- All Directors are encouraged to make an effective contribution.
- The Board is in full control of the Company's state of affairs and is aware of its obligations to shareholders and stakeholders.
- Proper conduct of meetings, accuracy and timeliness of information and accurate minutes.

Corporate Governance

A 4 Financial Acumen

The Board includes directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters. Audit Committee of the Company is headed by the Chairman of the Audit Committee of the Parent company. Related Party Transaction Committee and Remuneration Committee of the Parent Company act as the Related Party Transaction and Remuneration Committee of the Company.

A 5 Board Balance

There should be a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.

The Board of Kelani Cables PLC currently comprises of six Directors, three of whom are Executive Non-Independent Directors. Two of the three Non-Executive Directors have met the criteria for independence. All the Directors have made a declaration to that effect.

A 6 Information to the Board

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

Procedures exist to ensure that Directors receive timely information on a monthly basis and a clear agenda and papers with guidance on contents.

A 7 Appointments to the Board

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

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

A profile of Directors' qualifications, experience and the other directorships are given under the Directors' profile section of the Annual Report. Details of the new Directors are disclosed to the shareholders at the time of their appointment by way of a public announcement as well as in the Annual Report.

A 8 Retirement and Re-election

All Directors' should be required to submit themselves for re-election at regular intervals.

In terms of the Articles of Association, all the Directors are elected by the shareholders at the Annual General Meeting immediately after their appointment. Thereafter, each year one third of the Directors, other than the Chairman, Deputy Chairman and the Chief Executive Officer, retire by rotation. The Directors who hold office for a longest period retire and offer themselves for re-election with the recommendation of the Board of Directors. When they are re-elected at AGM, immediately after their appointment, they have to come up for re-election in three years or shorter period.

In terms of the Section 210 of the Companies Act No. 07 of 2007, Directors reaching the age of 70 years are recommended for re-election on a substantive motion by a shareholder. The profile details of the Directors who are subject to re-election at the forthcoming AGM are given under the Directors' Profile section of the Annual Report.

A 9 Appraisal of Board Performance

The Board should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged. The Board annually undertake a self-evaluation of itself and that of its committees. The Board carries a monthly follow up sheet on decisions made by it, and the time taken to implement them. This sheet is discussed at every other meeting to self-evaluate the Board.

A 10 Disclosure of Information in respect of Directors

Details in respect of each Director should be disclosed in the Annual Report for information of the shareholders.

Name, qualifications, brief profile, nature of expertise, names of other companies each director serves as a Director are given under the Directors Profile section of the Annual Report.

Director's interests in the contracts with the company are disclosed on pages 75 to 76.

Scheduled Board meetings and Committee meetings were arranged well in advance and all the Directors were expected to attend each Meeting. Any instance of non-attendance at Board meetings were generally related to prior business, personal commitments or illness.

The Table below provides the Directors' individual attendance at Board and Sub-committee Meetings.

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

A 11 The Board should be required, at least annually, to assess the performance of the CEO

The performance of the Chief Executive Officer is reviewed annually.

B Directors' Remuneration

B 1 Directors' Remuneration

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

The Remuneration Committee of the parent company functions as the Remuneration Committee of the Company. Details of the Remuneration Committee and the statement of Remuneration policy are provided on the page 41 of the Annual Report.

B 2 Level and Make-up of Remuneration

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

Details of the Remuneration Committee and the Statement of Remuneration policy are provided in the Annual Report. Remuneration for Non-Executive Directors of the Company consist of a fee paid on a fixed basis for participation in monthly Board Meetings. Chairman and Deputy Chairman have acted in an honorary capacity and only fees for attending Board Meetings were paid during the year under review. The remuneration paid to Director / Chief Executive Officer is disclosed in the Report.

The Company does not have an employee share option scheme.

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.

The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed on page 63 of this Report.

C Relationship with Shareholders

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

The Annual General Meeting and the published reports of the Company are a means of communicating and encouraging shareholder and investor participation. The Board believes that maintaining a good relationship with shareholders is of prime importance. The members of the Board are present at the Annual General Meeting and are willing to answer questions raised by the shareholders. The Notice and the related documents are sent out to the shareholders 15 working days prior to the date of the AGM.

C 2 Communication with Shareholders

The Board should implement effective communication with shareholders. The Company uses many methods to disseminate information to the shareholders, including the annual and quarterly financials, company publications, information sent to CSE etc.

Corporate Governance

The Annual report produced for the year ended 31st March 2016, is available to all shareholders on the Company website or in paper form on request. Shareholders are invited to express their views on any issues of concern at the AGM. The Board will respond to all validly received shareholder correspondences and will direct the Company Secretary to send the response to the shareholder. Contact persons for shareholder matters are Company Secretary and in the absence of them, the Chief Executive Officer or the Deputy Chairman.

C 3 Major and Material Transactions

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

There is no materially significant related-party transactions or relationships between the Company and the Directors, subsidiary companies or related parties except for those disclosed in the Financial Statements for the year ended 31st March 2016.

D Accountability and Audit

D 1 Financial Reporting

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

The Board through the Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements of Company and its subsidiary in accordance with the Sri Lanka Accounting Standards, comprising SLFRSs and LKAs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of these financial statements. This includes selecting and applying appropriate accounting policies and making estimates that are reasonable.

The Financial review from pages 50 to 53 provides a fair assessment of the Group's performance and results for the year.

Chairman's Review, Director / CEO's Review and Annual Report of the Board of Directors on the Affairs of the Company are given on pages 6 to 9 and pages 43 to 45. The Statement of Directors' Responsibility for Financial Reporting is given on page 46 and the Independent Auditors' Report on the Financial Statements of the Company for the year ended 31st March 2016 is given on page 49.

D 2 Internal Controls

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

The Board is responsible for the effectiveness of the internal controls. The effectiveness of the internal control system is periodically reviewed by the Audit Committee and major observations are reported to the Board. The internal audit function is carried out by Messrs. Ernst & Young Advisory Services (Pvt) Ltd. The Board reviews the reports arising from internal audits and also observations presented by the External Auditors Messrs. KPMG and monitors the progress of the Company. The Board has reviewed the internal control procedures in existence and is satisfied with its effectiveness.

D 3 Audit Committee

The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.

The Audit Committee among other functions reviews the operation and effectiveness of the internal control systems. The internal controls within the company are designed to provide reasonable assurance to the Directors and assist them to monitor the financial position of the Group. The Company ensures cordial relationship with the Internal Auditors Messrs. Ernst & Young Advisory Services (Pvt) Ltd and External Auditors, Messrs. KPMG.

The Audit Committee comprises of two Independent Directors of the Company and the Chairman of the Parent Company Audit Committee act as the Chairman of the Committee. The CEO and the CFO attend the meetings on invitation. The Audit Committee Report is given in this Report.

D 4 Code of Business Conduct & Ethics

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

The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka the Securities and Exchange Commission is adopted by the Directors who then ensure that the company employees behave ethically.

D 5 Corporate Governance Disclosures

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

Adhered to as per the Corporate Governance principles given in this Report.

E Institutional Investors

E 1 Shareholder Voting

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

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

F Other Investors

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. The shareholders are provided with adequate information on the performance of the Company thereby encouraging them to analyse their investments adequately through CSE web site and other public announcements.

All shareholders are encouraged to participate in General Meetings and to exercise their voting rights. Adequate Notice is given in order to obtain maximum participation.

Corporate Governance

Compliance with Corporate Governance Rules as in Section 7.10 of the Listing Rules of the Colombo Stock Exchange

CSE Rule No.	Applicable Rule	Requirement	Company's Adherence
Board of Directors			
7.10.1	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 Directors of Non-Executive Directors, a majority of whom shall be independent.	Compliant Parent Company Remuneration committee acts as the Remuneration committee for the company.
		The Chairman of the Committee shall be a Non-Executive Director.	Compliant Refer Remuneration Committee Report
7.10.5 (b)	Functions	Committee shall recommend the remuneration payable to Executive Directors and the Chief Executive Officer or equivalent role.	Complaint
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 Refer Remuneration Committee Report

CSE Rule No.	Applicable Rule	Requirement	Company's Adherence
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>	<p>Compliant</p> <p>Refer Audit Committee Report</p> <p>The Audit Committee comprises of two Independent Directors of the Company and the Chairman of the Parent Company Audit Committee act as the Chairman of the Committee.</p> <p>The CEO and the CFO attend the meetings on invitation</p> <p>Compliant</p>
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>	Complaint
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 the Director's profiles section and the Remuneration Committee Report of this Annual Report.

- 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 2015/2016 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, Director/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 2015/2016 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 2015/2016 can be found in Note 7 to the Financial Statements.

Internal Control System

In 2015/2016 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

29th June 2016

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 a Director of other Public Quoted Companies in Sri Lanka. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Rajiv Casie Chitty - Member

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

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

Role

The 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 2015/2016 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 Company 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.

Chairman and Deputy Chairman 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

29th June 2016

Report of the Related Party Transactions Review Committee

Composition of the Committee

The Company established the Related Party Transactions Review Committee (RPTRC) on 29th February 2016 as a Board Sub-Committee. RPTRC of the parent company act as the RPTRC of the Company and comprises the following;

- Mr. Ajit Jayaratne - Chairman
(Independent Non-Executive Director of parent Company)
- Mr. Rajiv Casie Chitty- (Independent Non-Executive Director of parent Company)

Objective

The Related Party Transactions Review Committee was formed to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka with effect from 1st January 2016 which is part of the CSE Listing Rules.

The objective of these related party transaction rules is to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions by the Company.

The Committee specifies a process to capture related party transactions and to report to the Board of Directors of Kelani Cables PLC as per the Code of Best Practices on Related Party Transactions.

Scope of the Committee

- The Committee reviews in advance all proposed related party transactions to ensure they are carried out on an arm's length basis.
- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.
- The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need of special approval from shareholders and disclosure requirements for such transactions.
- The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.
- The Company Secretary, Corporate Affairs (Pvt) Limited serves as the Secretary to the RPTRC.
- The Directors of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person.

Role of the Committee

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms of the provisions set out in Appendix 9A of CSE Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

- The Committee shall update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- Where necessary, the Committee shall request the Board of Directors to approve the subject related party transactions. In such instances, the approval of the Board of Directors should be obtained prior to enter into the relevant related party transaction.
- If a Director has a material personal interest in a matter being considered at a Directors' meeting to approve a related party transaction, such Director may not be present while the matter is being considered at the meeting or may not vote on the matter.
- Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.
- Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration and circulate the same with the notice of meeting to obtain the shareholder approval.
- Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.
- Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.
- Any concerned transactions, to be highlighted to the Board.

Committee Meetings

No Committee meetings were held during the financial year. However, one Committee meeting was held on 26 May 2016 for the last quarter of the financial year ending 31st March 2016 to review related party transactions. The Finance Division submitted a comprehensive report on related party transactions to the Committee.

Attendance of the members of the Committee for the said meeting is provided on page 35.

Any concerns of the Committee will be reported to the Board of Directors on a continuous basis.

The Committee plans to meet at least quarterly, to monitor, review and report to the Board on matters pertaining to related party transactions.

Conclusion

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

(Sgd.)

Mr. Ajit Jayaratne

Chairman - Related Party Transactions Review Committee

29th June 2016

Report of the Directors



The Directors have pleasure in presenting their 47th Annual Report of your Company together with the Audited Financial Statements for the year ended 31st March 2016.

Principal Activities

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

Vision and Mission

The Corporate vision and mission are provided on page 2 of this report. In achieving its vision and mission, all directors and employees conduct their activities with highest level of ethical standards and integrity.

Review of Business

A review of the Company's performance during the financial year is given in the Chairman's Review (pages 6 to 7), Director/Chief Executive Officer's Review (pages 8 to 9) and Business Review and Marketing Strategy on pages 14 to 15. 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.

Revenue and Profitability

The revenue of the Company and the Company and Investee for 2015/16 was Rs.6.6 Bn (Rs.6.2 Bn in 2014/15). The profit after tax of the Company and Investee for 2015/16 was Rs.498.7Mn (Rs.326.1Mn in 2014/15), while the Company's profit after tax for 2015/16 was Rs.496.7Mn (Rs.322.3Mn in 2014/15).

Financial Statements and Auditors' Report

The Financial Statements duly signed by the Directors are provided on pages 50 to 82 and Auditors' Report on the Financial Statements is provided on page 49.

Accounting Policies

The accounting policies adopted in preparation of the Financial Statements are given on pages 54 to 62 of this report.

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

Sri Lanka Accounting Standards SLFRS 9 "Financial Instruments"
Sri Lanka Accounting Standards SLFRS 15 "Revenue from Customers"

Dividends

The interim dividend of Rs.3/00 per share for the financial year ended 31st March 2015 amounting to Rs. 65.4 Mn was paid during the financial year on 20th July 2015. The Board of Directors, declared an Interim Dividend of Rs.4/50 per share for the year ended 31st March 2016 amounting to Rs. 98.1 Mn on 27th June 2016 and will pay on 18th July 2016.

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 2016 is Rs. 218,000,000 comprising of 21,800,000 shares and was unchanged during the year.

Reserves

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

Share Information

Information relating to earnings, dividend, net assets and market price per share is given in the Investors Information on page 84 of the Annual Report.

Related Party Transactions

There were no related party transactions required to be disclosed under the Listing Rules of the Colombo Stock Exchange other than as disclosed under Note 32 to the Financial Statements. Related Party Transactions Review Committee report is given on page 42.

Board of Directors

The Board of Directors of the Company consisted of five Directors in the beginning of the year and Mr. Mahinda Saranapala, CEO of the Company was appointed to the Board of Directors of the Company with effect from December 23, 2015. Directors profiles are given on pages 10 to 11. The Director retiring by rotation in terms of Section 85 of Articles of Association will be Mrs. N.C. Madanayake who being eligible in terms of Section 86 of Articles of Association, is recommended for re-election.

Report of the Directors

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 46 of this Annual Report.

Donations

Donations made by the Company during the year amounted to Rs. 82,241/- (31st March 2015 Rs. 162,352/-).

Property, Plant and Equipment

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

Market Value of Freehold Properties

The details of the market value of freehold properties are given in the Note 12 to the Financial Statements.

Investment Property

Investment property represents a land owned by the Company. The last Valuation was carried out by an independent professional Valuer Mr. J. M. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31st March 2016. The details of Investment Property are explained in Note 14 to the Financial Statements.

Investment in Equity Accounted Investee

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

Corporate Governance

The Directors confirm that the Company is in compliance with the relevant rules on Corporate Governance contained in the Listing rules of the Colombo Stock Exchange. Corporate Governance practices and principles with respect to the management and operations of the Company are set out on pages 33 to 39 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 31 to 32 of this Report.

Directorate

The Board of Directors of the Company are given below and the profiles are given on pages 10 to 11 of this Report.

Mr. U.G.Madanayake - Chairman
 Mr. Suren Madanayake - Deputy Chairman
 Mrs. N.C.Madanayake
 Dr. Bandula Perera
 Dr. Ranjith Cabral
 Mr. Mahinda Saranapala (appointed w.e.f. 23/12/15)

Interest Register

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

Directors' Interests in Contracts

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

Directors' Remuneration

Remuneration received by the Directors is set out in Note 7 to the Financial statements. The Chairman and Deputy Chairman of the Company, 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. The remuneration paid to the Executive Director and the fees paid for attending Board Meetings are given in Note 7 to the Financial Statements.

Directors' Interest in Shares of the Company

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

As at 31st March	No. of Shares		% Holding	
	2016	2015	2016	2015
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
Mr. Mahinda Saranapala	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.4/50 per share for the year ended 31st March 2016 which was approved at the Board Meeting held on 27th June 2016.

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 20 to 30 of this Report.

Environmental Protection

The Company has used its best endeavours to comply with the relevant environmental laws and regulations. The Company is directed towards better control and mitigation of its impact on the environment as explained in the Sustainability Report in pages 20 to 24.

Capital Commitments and Contingent Liabilities

Detail of the Capital Commitments and Contingent Liabilities are disclosed on page 82 of the Annual Report.

Auditors

The Financial Statements for the period under review have been Audited by Messrs KPMG, Chartered Accountants. Rs. 605,890/- has been paid as Audit Fee for the year ended 31st March 2016.

Auditors relationship with the Company

Fees paid for other services in the capacity of an Auditor were Rs. 88,763/-. 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 3rd August 2016.

The Report of the Independent Auditors' is given on page 49. The functions of the Audit Committee and Remuneration Committee are given on pages 40 to 41 of this Report.

Notice of Meeting

The Notice of Meeting of the Annual General Meeting is given on page 87 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
29th June 2016

Directors' Responsibility for Financial Reporting

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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 2016, have been prepared based on the new Sri Lanka Accounting Standards (SLFRSs/ LKASs) which came into effect for the financial periods commencing after 1st January 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Company and the Company and Investee are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Individual (Company and Investee) and Separate (Company) Statements of Financial Position as at 31st March 2016 and Statements of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2016 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 29th June 2016.

By Order of the Board

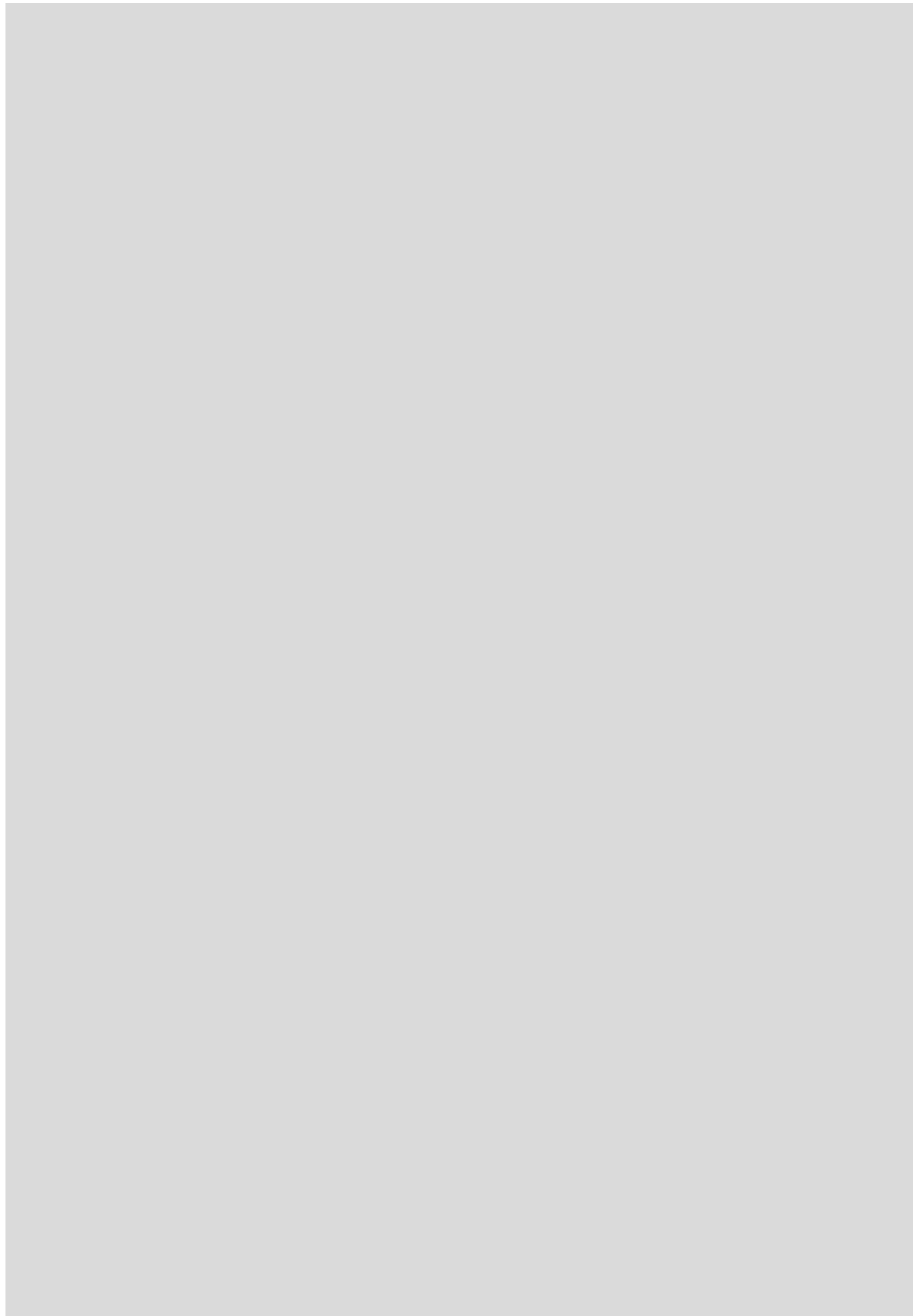
(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
29th June 2016

Financial Reports

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53	Statement of Cashflow
54	Notes to the Financial Statements



Independent Auditors' Report



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

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

TO THE SHAREHOLDERS OF KELANI CABLES PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Kelani Cables PLC ("the Company") and the Company and its equity accounted investee ("Company and Investee"), which comprise the statement of financial position as at 31 March 2016, statements of profit or loss and other comprehensive income, changes in equity and, cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 50 to 82 of this Annual Report.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company and Company and Investee as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act No 7 of 2007.

CHARTERED ACCOUNTANTS

29th June 2016

Colombo, Sri Lanka

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

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

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March,	Note	Company and Investee		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Revenue	5	6,619,776,295	6,204,431,337	6,619,776,295	6,204,431,337
Cost of sales		(5,317,427,456)	(5,181,504,994)	(5,317,427,456)	(5,181,504,994)
Gross profit		1,302,348,839	1,022,926,343	1,302,348,839	1,022,926,343
Other income	6	12,716,746	10,316,224	12,716,746	10,316,224
Change in fair value of investment property		23,000,000	78,000,000	23,000,000	78,000,000
Distribution expenses		(417,566,531)	(405,646,911)	(417,566,531)	(405,646,911)
Administrative expenses		(227,338,453)	(205,318,964)	(224,507,886)	(219,894,531)
Profit from operations	7	693,160,601	500,276,692	695,991,168	485,701,125
Net finance expenses	8	(17,368,937)	(44,448,391)	(17,368,937)	(44,448,391)
Share of profit/(loss) on equity accounted investee net of taxes	16	4,830,361	(10,783,152)	-	-
Profit before tax		680,622,025	445,045,149	678,622,231	441,252,734
Income tax expense	9	(181,895,240)	(118,944,488)	(181,895,240)	(118,944,488)
Profit for the year		498,726,785	326,100,661	496,726,991	322,308,246
Other comprehensive income					
Actuarial gain on defined benefit plans		3,360,767	1,141,622	3,360,767	1,141,622
Gain on PPE Revaluation		-	143,224,307	-	143,224,307
Equity accounted investee - Share of OCI		(2,197,960)	11,220,930	-	-
Tax on other comprehensive income		(621,361)	(31,284,470)	(621,361)	(31,284,470)
Total other comprehensive income for the year net of income tax		541,446	124,302,389	2,739,406	113,081,459
Total comprehensive income for the year		499,268,231	450,403,050	499,466,397	435,389,705
Earnings per share					
Basic earnings per share (Rs.)	10			22.79	14.78

The Notes to the Financial Statements from pages 54 to 82 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	
		2016	2015	2016	2015
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	679,381,144	714,178,892	679,381,144	714,178,892
Intangible assets	13	-	1,122,821	-	1,122,821
Investment property	14	231,000,000	208,000,000	231,000,000	208,000,000
Investment in equity accounted investee	16	13,479,469	10,847,068	14,409,234	11,578,667
Total Non-Current Assets		923,860,613	934,148,781	924,790,378	934,880,380
Current Assets					
Inventories	17	1,299,620,252	1,488,156,982	1,299,620,252	1,488,156,982
Trade and other receivables	18	1,598,975,160	1,818,431,915	1,598,975,160	1,818,431,915
Amount due from related companies	19	41,854,000	42,771,473	41,854,000	42,771,473
Value added tax recoverable		127,746,354	164,112,403	127,746,354	164,112,403
Deposits and prepayments		9,956,018	9,892,707	9,956,018	9,892,707
Investment in Sri Lanka Development Bonds		489,035,300	-	489,035,300	-
Cash and cash equivalents	20	603,570,166	413,889,247	603,570,166	413,889,247
Total Current Assets		4,170,757,250	3,937,254,727	4,170,757,250	3,937,254,727
Total Assets		5,094,617,863	4,871,403,508	5,095,547,628	4,872,135,107
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	22	300,457,528	300,457,528	260,444,530	260,444,530
General reserves	23	431,136,000	431,136,000	431,136,000	431,136,000
Retained earnings	24	2,243,356,045	1,809,487,814	2,284,298,808	1,850,232,411
Total Equity		3,192,949,573	2,759,081,342	3,193,879,338	2,759,812,941
Non-Current Liabilities					
Employee benefits	25	83,681,977	76,305,731	83,681,977	76,305,731
Deferred taxation	26	72,968,586	85,117,607	72,968,586	85,117,607
Interest bearing borrowings	27	31,841,000	55,841,000	31,841,000	55,841,000
Total Non-Current Liabilities		188,491,563	217,264,338	188,491,563	217,264,338
Current Liabilities					
Trade payable	28	1,039,634,030	965,229,132	1,039,634,030	965,229,132
Other payables	29	152,369,808	130,817,479	152,369,808	130,817,479
Current taxation	30	359,327,044	247,661,423	359,327,044	247,661,423
Unclaimed dividends	31	8,670,493	6,726,122	8,670,493	6,726,122
Interest bearing borrowings	27	24,000,000	424,000,000	24,000,000	424,000,000
Bank overdrafts	20	129,175,352	120,623,672	129,175,352	120,623,672
Total Current Liabilities		1,713,176,727	1,895,057,828	1,713,176,727	1,895,057,828
Total Liabilities		1,901,668,290	2,112,322,166	1,901,668,290	2,112,322,166
Total Equity and Liabilities		5,094,617,863	4,871,403,508	5,095,547,628	4,872,135,107

The Notes to the Financial Statements from pages 54 to 82 form an integral part of these Financial Statements.

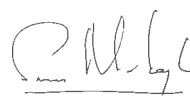
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.


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

June 29 2016
 Colombo

Statement of Changes in Equity

Company and Investee

	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2014	218,000,000	177,008,705	431,136,000	1,515,233,587	2,341,378,292
Comprehensive Income for the year					
Profit for the year	-	-	-	326,100,661	326,100,661
Other comprehensive income for the year	-	123,448,823	-	853,566	124,302,389
Total Comprehensive Income for the year	-	123,448,823	-	326,954,227	450,403,050
Interim dividend - 2013/14	-	-	-	(32,700,000)	(32,700,000)
Balance as at 31st March 2015	218,000,000	300,457,528	431,136,000	1,809,487,814	2,759,081,342
Balance as at 1st April 2015	218,000,000	300,457,528	431,136,000	1,809,487,814	2,759,081,342
Comprehensive Income for the year					
Profit for the year	-	-	-	498,726,784	498,726,784
Other comprehensive income for the year	-	-	-	541,446	541,446
Total Comprehensive Income for the year	-	-	-	499,268,231	499,268,231
Interim dividend - 2014/15	-	-	-	(65,400,000)	(65,400,000)
Balance as at 31st March 2016	218,000,000	300,457,528	431,136,000	2,243,356,045	3,192,949,573

Company

	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2014	218,000,000	148,185,039	431,136,000	1,559,802,197	2,357,123,236
Comprehensive Income for the year					
Profit for the year	-	-	-	322,308,246	322,308,246
Other comprehensive income for the year	-	112,259,491	-	821,968	113,081,459
Total Comprehensive Income for the year	-	112,259,491	-	323,130,214	435,389,705
Interim dividend - 2013/14	-	-	-	(32,700,000)	(32,700,000)
Balance as at 31st March 2015	218,000,000	260,444,530	431,136,000	1,850,232,411	2,759,812,941
Balance as at 1st April 2015	218,000,000	260,444,530	431,136,000	1,850,232,411	2,759,812,941
Comprehensive Income for the year					
Profit for the year	-	-	-	496,726,990	496,726,990
Other comprehensive income for the year	-	-	-	2,739,406	2,739,406
Total Comprehensive Income for the year	-	-	-	499,466,397	499,466,397
Interim dividend - 2014/15	-	-	-	(65,400,000)	(65,400,000)
Balance as at 31st March 2016	218,000,000	260,444,530	431,136,000	2,284,298,808	3,193,879,338

The Notes to the Financial Statements from pages 54 to 82 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cashflow

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For the year ended 31 March,	Company and Investee		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Cash Flow From Operating Activities				
Profit before taxation	680,622,024	445,045,149	678,622,230	441,252,734
Adjustments for:				
Share of loss from equity accounted investee (net of tax)	(4,830,361)	10,783,152	-	-
Provision for the fall in value in investment in associate	-	-	(2,830,567)	14,575,567
Interest income	(22,218,632)	(11,133,082)	(22,218,632)	(11,133,082)
Interest expense	39,587,569	50,880,053	39,587,569	50,880,053
Revaluation gain on investment property	(23,000,000)	(78,000,000)	(23,000,000)	(78,000,000)
Depreciation of property, plant and equipment	79,831,951	59,625,034	79,831,951	59,625,034
Amortization of intangible assets	1,122,821	950,078	1,122,821	950,078
Impairment on capital work-in-progress	507,688	-	507,688	-
Impairment of trade receivables	-	39,106,407	-	39,106,407
Impairment of obsolete inventories	16,786,098	4,468,711	16,786,098	4,468,711
Dividend Income	(93)	(86)	(93)	(86)
Gain on disposal of property, plant and equipment	(1,801,476)	-	(1,801,476)	-
Provision for employee benefits	14,652,408	14,247,502	14,652,408	14,247,502
Operating Profit before working capital changes	781,259,997	535,972,918	781,259,997	535,972,918
Changes in working capital				
Decrease/(increase) in inventories	171,750,632	(321,589,064)	171,750,632	(321,589,064)
Decrease/(Increase) in trade and other receivables	219,456,755	(547,424,118)	219,456,755	(547,424,118)
Decrease/ (increase) in amount due from related companies	917,473	(917,473)	917,473	(917,473)
Decrease in deposits and prepayments	36,302,738	6,899,010	36,302,738	6,899,010
Increase in trade payables	74,404,898	144,028,000	74,404,898	144,028,000
Increase in other payables	21,552,329	39,223,861	21,552,329	39,223,861
Cash generated from/ (used in) operations	1,305,644,822	(143,806,866)	1,305,644,822	(143,806,866)
Gratuity paid	(3,915,395)	(4,873,773)	(3,915,395)	(4,873,773)
Current tax paid	(83,000,000)	-	(83,000,000)	-
Interest paid	(39,587,569)	(50,880,053)	(39,587,569)	(50,880,053)
Net Cash Generated from/ (used in) Operating Activities	1,179,141,858	(199,560,692)	1,179,141,858	(199,560,692)
Cash Flow from Investing Activities				
Proceeds from disposal of property, plant and equipment	1,976,301	-	1,976,301	-
Acquisition of property, plant and equipment	(45,716,716)	(41,779,552)	(45,716,716)	(41,779,552)
Investment in Lanka development bonds	(489,035,300)	-	(489,035,300)	-
Acquisition of intangible assets	-	(2,072,899)	-	(2,072,899)
Interest received	22,218,632	11,133,082	22,218,632	11,133,082
Dividend income	93	86	93	86
Net Cash Used in Investing Activities	(510,556,990)	(32,719,283)	(510,556,990)	(32,719,283)
Cash Flow from Financing Activities				
Dividend paid	(63,455,629)	(32,516,412)	(63,455,629)	(32,516,412)
Loan (repayment)/obtained during the year	(424,000,000)	139,000,000	(424,000,000)	139,000,000
Net Cash (used in)/from Financing Activities	(487,455,629)	106,483,588	(487,455,629)	106,483,588
Net Increase in Cash and Cash Equivalents	181,129,239	(125,796,387)	181,129,239	(125,796,387)
Cash and Cash Equivalents at beginning of the year	293,265,575	419,061,962	293,265,575	419,061,962
Cash and Cash Equivalents at the end of the Year (Note 20)	474,394,814	293,265,575	474,394,814	293,265,575

The Notes to the Financial Statements from pages 54 to 82 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. Domicile and Legal Form

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

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

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

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

Ultimate Parent

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

1.2. Principal Activities and Nature of Operations

The principal activities of the Company are manufacturing 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 2016 was 514 (2015 - 492).

1.4. Date of Authorization for Issue

The Financial Statements of the Company for the year ended 31st March 2016 were authorised by the Board of Directors on 29 June 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of Measurement

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

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

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

2.3 Comparative Figures

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

2.4 Functional and Presentation Currency

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

2.5 Use of Estimates and Judgments

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

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

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

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

2.6 Materiality and Aggregation

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Investment in equity accounted investee - Associate

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates is accounted for under the equity method of accounting.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the company's share of the results of operations of the associate. Any change in OCI of those investee is presented as part of the company's OCI. In addition, when there has been a change recognised directly in the equity of the associate the company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the company's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax.

After application of the equity method, the company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of results of equity accounted investees' in the income statement.

Upon loss of significant influence over the associate, the company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

The accounting policies of associate company conform to those used for similar transactions of the company.

3.1.1 Accounting for investment in associate

When separated financial statements are prepared, investments in associate are accounted for using the cost method. Investment in associate is stated in the company's Statement of Financial Position at cost less accumulated impairment losses.

3.1.2 Financial Period

The associate has the same reporting date as the company and the financial statements are prepared to a common financial year ending 31st March.

3.2 Foreign Currency Translation

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

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

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

3.3 Income Tax Expense

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

(a) Current Tax

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

(b) Deferred Tax

Deferred tax is provided on the balance sheet liability method for all temporary differences as at the reporting date between the tax bases of assets and liabilities and their carrying amounts of assets and liabilities for financial reporting purposes. The balance in the deferred taxation account represents income tax applicable to the difference between the written down values for tax purpose of the assets on

Notes to the Financial Statements

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 labour, 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.

Land of the Company classified as investment property is valued every year by an independent valuer to ensure that the carrying amount do not differ from the fair value 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.

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

The Financial Statements include the Company's share of the income

and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

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

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

3.8 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

3.9.1 Non-derivative financial assets

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

Notes to the Financial Statements

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.

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.

3.9.2 Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

3.10 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. External professional valuers are involved for valuation of significant assets such as land and building.

Fair Value Hierarchy

The Company measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

Level 1

Inputs that are unadjusted quoted market prices in an active market for identical instruments

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Inputs other than quoted prices included within Level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

This category includes instruments valued using;

- quoted market prices in active markets for similar instruments,
- quoted prices for identical or similar instruments in markets that are considered to be less active, or
- other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3

Inputs that are unobservable

This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's value.

Valuation techniques include net present value and discounted cash flow models comparisons with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgment and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognized only when the inputs become observable or on recognition of the instrument.

3.11 Impairment of Assets

3.11.1 Financial assets (including receivables)

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

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

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then

collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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

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

3.11.2 Non-financial assets

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

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognized in profit or loss.

LIABILITIES AND PROVISIONS

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

Notes to the Financial Statements

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

3.12 Non-derivative financial liabilities

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

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

Other liabilities

Other liabilities are stated at their cost.

3.13 Employee benefits

3.13.1 Short-term benefits

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

3.13.2 Defined contribution plans

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

Employee Provident Fund

All employees of the Company are members of the Employees' Provident Fund (EPF). The Company and employees contribute 12% and 8% / 10% respectively of the salary to EPF.

Employees Trust Fund

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

3.13.3 Defined Benefit Plans

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

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

The liability is not externally funded.

Actuarial gains and losses

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

3.14 Provisions

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

3.15 Contingencies and capital commitments

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

STATEMENT OF COMPREHENSIVE INCOME

3.16 Revenue

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

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

Sale of goods

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

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

Other Income

Other income is recognized on an accrual basis.

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

3.17 Expenditure recognition

Operating Expenses

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

Finance income and expense

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

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

Borrowing Cost

All borrowing costs are recognised as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as a part of the cost of that asset during the period of construction or development.

Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.18 Related party disclosure

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

3.19 Earnings per share

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

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

3.20 Cash flow statement

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

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

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

Notes to the Financial Statements

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Standards issued but not yet adopted which may have an impact

New or amended standard	Summary of the requirement	Possible impact on consolidated financial statements
SLFRS 9 Financial Instruments	SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective from 01st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 9.
SLFRS 15 Revenue from Contracts with Customers	SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 <i>Revenue</i> , and LKAS 11 <i>Construction Contracts</i> . SLFRS 15 is effective for annual reporting periods beginning on or after 1st January 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.

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

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

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

For the year ended 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
5. REVENUE		
Manufacturing and fabrication	5,177,737,338	4,736,559,392
Export sales	663,259,617	981,627,972
Trading	778,779,340	486,243,973
	6,619,776,295	6,204,431,337
6. OTHER INCOME		
Gain on disposal of property, plant and equipment	1,801,476	-
Dividend income	93	86
Scrap and sundry sales	10,064,363	9,341,953
Sundry income	850,814	974,185
	12,716,746	10,316,224
7. PROFIT FROM OPERATIONS		
Profit from operations is stated after charging all expenses including the following.		
Directors' fee	1,890,000	1,650,000
Directors' emoluments	3,853,071	-
Auditors remuneration		
Statutory audit and audit related services	694,653	652,886
Non audit services	-	-
Depreciation on property, plant and equipment	79,831,951	59,625,034
Amortization of intangible assets	1,122,821	950,078
Provision for obsolete inventories	16,786,098	4,468,711
Inventory write off	2,649,519	8,662,410
Charge of provision for impairment of trade receivables	-	39,106,407
Donations	82,241	162,352
Staff Costs - (Note 7.1)	472,879,653	427,667,737
(Reversal)/ Charge of provision for the fall in value in investment in associate	(2,830,567)	14,575,567
7.1 Staff Cost		
Defined contribution plan cost-EPF,ETF	29,406,775	26,448,768
Defined benefit plan cost-Retiring gratuity	14,652,408	14,247,502
Staff cost other than above	428,820,470	386,971,467
	472,879,653	427,667,737
8. NET FINANCE EXPENSES		
Finance Income		
Net gain on translation of foreign currency	5,206,907	-
Interest from foreign currency deposits	10,633,467	7,526,770
Interest from local currency deposits	3,674,490	985,208
Interest Income from loans granted to Holding- Company	2,703,768	2,621,104
	22,218,632	11,133,082
Finance Expenses		
Net loss on translation of foreign currency	-	(4,701,420)
Bank overdraft interest	(2,675,665)	(2,666,418)
Interest on bank loans	(15,470,367)	(25,094,970)
Interest on trade bills	(18,556,408)	(20,561,710)
Interest on distributor deposits	(2,885,129)	(2,556,955)
	(39,587,569)	(55,581,473)
Net Finance Expenses	(17,368,937)	(44,448,391)

Notes to the Financial Statements

9. INCOME TAX EXPENSE

For the year ended 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
The charge for income tax expense is made up as follows.		
Current tax expense - (Note 9.1)	194,665,621	110,944,785
Origination of deferred tax liabilities	(10,144,590)	10,557,184
Origination of deferred tax assets	(2,625,791)	(2,557,481)
	181,895,240	118,944,488

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

9.1 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31 March,	Company	
	2016 Rs.	2015 Rs.
Profit before tax	678,622,230	441,252,734
Aggregate disallowable expenses	138,598,083	147,386,374
Aggregate allowable expenses	(46,113,542)	(67,736,070)
Income not liable for tax	(33,633,467)	(85,526,856)
Total statutory income	737,473,304	435,376,182
Less: deductions from assessable income	(16,000)	(109,352)
Taxable Income	737,457,304	435,266,830
Current Tax charged at		
Concessionary rate of 12%	8,866,818	8,197,445
Standard rate of 28%	185,798,803	102,747,340
Current tax on current year profits	194,665,621	110,944,785

9.2 Recognition of deferred tax expenses in the Comprehensive Income

Profit or loss	(12,770,381)	7,999,703
Other comprehensive income	621,361	31,284,470
	(12,149,021)	39,284,173

10. EARNINGS PER SHARE

Basic Earnings per Share

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

For the year ended 31 March,	Company	
	2016	2015
Profit attributable to ordinary shareholders (Rs.)	496,726,990	322,308,246
Weighted average number of ordinary shares (Nos.)	21,800,000	21,800,000
Basic Earnings per share (Rs.)	22.79	14.78

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

11. DIVIDEND PER SHARE

For the year ended 31 March,	Company	
	2016	2015
Interim dividend declared - 2013/14 (Rs.)	-	32,700,000
Interim dividend declared - 2014/15 (Rs.)	65,400,000	-
	65,400,000	32,700,000
Gross dividend (Rs.)	65,400,000	32,700,000
Number of shares (Nos.)	21,800,000	21,800,000
Dividend per share (Rs.)	3.00	1.50

12. PROPERTY, PLANT AND EQUIPMENT

	Company and Investee / Company								Total 2015
	Freehold land	Buildings	Furniture, fittings and office equipment	Business Machines	Motor Vehicles	Plant, machinery, and electrical fittings	Capital work-in-progress	Total 2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost									
Balance as at 01st April	266,000,000	194,000,000	21,013,876	38,354,947	65,496,153	541,784,603	10,823,370	1,137,472,949	982,852,319
Additions during the year	-	-	1,390,771	2,763,382	21,742,000	9,246,714	10,573,849	45,716,716	41,779,552
Surplus on Revaluation	-	-	-	-	-	-	-	-	143,224,307
Transfers during the year	-	6,708,827	-	-	-	11,753,097	(18,461,924)	-	-
Impairment on CWIP	-	-	-	-	-	-	(507,688)	(507,688)	-
Accumulated Depreciation									
Transferred	-	-	-	-	-	-	-	-	(30,383,229)
Disposals during the year	-	-	-	-	(209,174)	(180,180)	-	(389,354)	-
Balance as at 31st March	266,000,000	200,708,827	22,404,647	41,118,329	87,028,979	562,604,234	2,427,607	1,182,292,623	1,137,472,949
Accumulated Depreciation									
Balance as at 01st April	-	-	14,764,675	29,160,379	44,693,428	334,675,575	-	423,294,057	394,052,252
Charge for the year	-	28,348,091	1,325,400	3,168,695	9,618,906	37,370,859	-	79,831,951	59,625,034
Accumulated Depreciation									
Transferred	-	-	-	-	-	-	-	-	(30,383,229)
Disposals	-	-	-	-	(209,174)	(5,355)	-	(214,529)	-
Balance as at 31st March	-	28,348,091	16,090,075	32,329,074	54,103,160	372,041,079	-	502,911,479	423,294,057
Carrying value									
As at 31st March 2016	266,000,000	172,360,736	6,314,572	8,789,255	32,925,819	190,563,155	2,427,607	679,381,144	
As at 31st March 2015	266,000,000	194,000,000	6,249,201	9,194,568	20,802,725	207,109,028	10,823,370		714,178,892

12.1 Land and Buildings Carried at Revalued Amount

Property	Location	Last revaluation date	Extent/ Sq.Ft	Revalued amount Rs.	Carrying Value/ Reversal Rs.	Carrying Value if carried at cost Rs.
Land	Wewelduwa, Kelaniya	31/03/15	06A. 02R. 01.50 P	248,500,000	89,442,506	159,057,494
	Mahena Road, Siyambalape South, Siyambalape	31/03/15	01A. 0R. 12.75 P	17,500,000	13,552,513	3,947,487
				266,000,000	102,995,019	163,004,981
Building	Wewelduwa, Kelaniya	31/03/15	97,345 Sq.Ft	141,000,000	164,509,254	18,521,837
	Mahena Road, Siyambalape South, Siyambalape	31/03/15	29,213 Sq.Ft	53,000,000	57,440,058	6,979,011
				194,000,000	221,949,312	25,500,848

The Land and Building were revalued as at 31st March 2015, by Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka. The surplus on revaluation of Rs. 143,224,307 relating to Land & Buildings were incorporated in the Financial Statements on 31 March 2015. Such Assets were valued in an open market value for existing use basis, the surplus arising from the revaluation was transferred to the revaluation reserve.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (Contd.)

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
12.2 The cost of fully depreciated assets as at the reporting date is as follows		
Furniture, fittings and office equipment	9,411,866	7,105,291
Business machines	25,198,880	22,379,644
Motor vehicles	21,826,729	21,501,729
Plant machinery, and electrical fittings	81,806,272	47,867,530
	138,243,747	98,854,194

12.3 PPE pledged as security

Land with a carrying value of Rs. 76.4 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 2016. 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.

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
13. INTANGIBLE ASSETS		
Computer Software		
Cost		
Balance as at the beginning of the year	5,822,751	3,749,852
Additions during the year	-	2,072,899
Balance as at the end of the year	5,822,751	5,822,751
Amortization		
Balance as at the beginning of the year	4,699,930	3,749,852
Amortized during the year	1,122,821	950,078
Balance as at the end of the year	5,822,751	4,699,930
Carrying value as at 31 March	-	1,122,821
14. INVESTMENT PROPERTY		
Balance as at the beginning of the year	208,000,000	130,000,000
Change in fair value	23,000,000	78,000,000
Balance as at the end of the year	231,000,000	208,000,000

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

14.1 Details of the land under investment property

Investment property represent a land owned by the Company.

Location	Extent	Carrying Value Rs.
Ekala	13A .00R .02P	231,000,000

14.2 Measurement of fair value

Investment properties of the Company are accounted for on the fair 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. Senanayake Bandara, an Fellow Member of Institute of Valuers of Sri Lanka, as at 31st March 2016.

14. INVESTMENT PROPERTY (Contd.)**14.2 Measurement of fair value (Contd.)****Valuation Technique - Market comparable method**

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

Method of valuation and Significant unobservable inputs	Range of estimates for unobservable inputs	Carrying Value before Revaluation of Land Rs.	Revalued amount of Land Rs.	Revaluation gain recognized on Land Rs.	Significant unobservable valuation inputs (ranges of each property are given in the table above)	Sensitivity of the fair value measurement to inputs
Investment method	Rs.17,750,000/- Per acre	208,000,000	231,000,000	23,000,000	Price per perch for land	Estimated fair value would increase (decrease) if; Price per perch of land (decreases)

15. INVESTMENT IN SUBSIDIARY

As at 31 March,	Company and Investee / Company			
	Company Holding	Number of Shares	2016 Rs.	2015 Rs.
Kelani Electrical Accessories (Pvt) Limited				
Ordinary share	100%	8	80	80
Provision for investment			(80)	(80)
			-	-

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

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

16. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

As at 31 March,	Company	
	2016 Rs.	2015 Rs.
Investment in ACL-Kelani Magnet Wire (Private) Limited	51,200,000	51,200,000
Provision for impairment of the associate (Note 16.1)	(36,790,766)	(39,621,333)
	14,409,234	11,578,667
16.1 Provision for impairment of the associate		
Balance as at 1st April	39,621,333	25,045,766
(Reversal) / charge for the year	(2,830,567)	14,575,567
Balance as at 31st March	36,790,766	39,621,333

The Board of Directors has assessed the potential impairment loss of Investment in Associate as at 31 March 2016. Based on the internal assessment share of investment in the associate, Company has made an impairment reversal of Rs.2,830,567 during the year on the investment in associate in the separate financial statements of the Company.

The Company has stake of 29.99% in ACL Kelani Magnet Wire (Pvt) Ltd whose principal business activities are manufacturing, exporting and selling all kinds and gauges of enamelled wire.

Notes to the Financial Statements

16 INVESTMENT IN EQUITY ACCOUNTED INVESTEE (Contd.)

As at 31 March,	Company and Investee	
	2016 Rs.	2015 Rs.
16.2 Value of the investment		
Balance at the beginning of the year	10,847,068	10,409,290
Current years share of comprehensive income		
Included in Profit or loss (Note 16.2.1)	4,830,361	(10,783,152)
Included in Other Comprehensive Income (Note 16.2.2)	(2,197,960)	11,220,930
Included in comprehensive income (Note 16.4)	2,632,401	437,778
Investment in equity accounted investee	13,479,469	10,847,068
16.2.1 Included in Profit or loss		
Share of Profit before Tax	3,899,493	(12,510,817)
Share of Current year's Income Tax Charge	930,868	1,727,665
Share of Profit of Equity Accounted Investee, Net of Tax	4,830,361	(10,783,152)
16.2.2 Included in Other Comprehensive Income		
Share of Other Comprehensive Income before tax	(770,951)	12,159,846
Related Share of Deferred Tax	(1,427,009)	(938,916)
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	(2,197,960)	11,220,930

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

16.3 Carrying amount of interest in associate		
Percentage ownership interest	29.99%	29.99%
Financial Position of Equity Accounted Investee		
Non Current Assets	210,661,428	223,849,154
Current Assets	127,408,926	235,153,954
Non-Current Liabilities	(7,108,958)	(6,644,128)
Current Liabilities	(282,914,600)	(413,750,555)
Net assets (100%)	48,046,796	38,608,425
16.4 Company's share of net assets (29.99%)	14,409,234	11,578,667
Financial performance of equity accounted investee		
Revenue (100%)	68,896,227	219,547,534
Profit/(loss) for the year, net of tax (100%)	16,106,571	(35,955,826)
Other comprehensive income (100%)	(7,328,976)	37,415,572
Comprehensive income (100%)	8,777,595	1,459,746
Company's 29.99% share of comprehensive income	2,632,401	437,778
Share of Comprehensive Income, Net of Tax	2,632,401	437,778

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
17 INVENTORIES		
Raw materials	190,291,769	310,564,596
Work-in-progress	192,930,728	289,225,617
Finished goods	742,479,124	721,732,946
Consumable stocks	84,255,106	76,618,954
	1,209,956,727	1,398,142,113
Impairment for obsolete Inventories (Note-17.1)	(71,581,323)	(54,795,225)
	1,138,375,404	1,343,346,888
Goods in Transit	161,244,848	144,810,094
	1,299,620,252	1,488,156,982
17.1 Impairment for Obsolete Inventories		
Balance as at the beginning of the year	54,795,225	50,326,514
Provision for the year	16,786,098	4,468,711
Balance as at the end of the year	71,581,323	54,795,225
18 TRADE AND OTHER RECEIVABLES		
Trade receivables	1,530,060,009	1,624,717,822
Trade receivables - Related parties		
ACL Cables PLC	23,462,584	59,305,872
ACL - Kelani Magnet Wire (Private) Limited	109,196,613	217,032,037
ACL Plastics PLC	92,524	47,856
	1,662,811,730	1,901,103,587
Provision for impairment of trade receivables (Note -18.1)	(87,845,948)	(92,756,268)
	1,574,965,782	1,808,347,319
Staff Loans	3,462,931	3,503,397
Other receivables	20,546,447	6,581,199
	1,598,975,160	1,818,431,915
18.1 Provision for impairment of trade receivables		
Balance as at the beginning of the year	92,756,268	54,495,536
Provision for impairment of trade receivables	-	39,106,407
Debts written-off	(4,910,320)	(845,675)
Balance as at the end of the year	87,845,948	92,756,268
19 AMOUNT DUE FROM RELATED COMPANIES		
ACL Cables PLC		
Loan	41,854,000	41,854,000
Other transactions	-	917,473
	41,854,000	42,771,473

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

Notes to the Financial Statements

20 CASH AND CASH EQUIVALENTS

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Short term deposits	592,512,159	410,819,019
Cash in hand and at bank	11,058,007	3,070,228
Cash and cash equivalents	603,570,166	413,889,247
Bank overdrafts	(129,175,352)	(120,623,672)
Cash and cash equivalents in the statement of cash flows	474,394,814	293,265,575

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

21 STATED CAPITAL

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
21,800,000 Ordinary shares	218,000,000	218,000,000
	218,000,000	218,000,000

21.1 Rights, Preferences and Restrictions of Classes of Capital

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

22 CAPITAL RESERVES

As at 31 March,	Company and Investee		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Revaluation reserve (Note 22.1)	299,932,528	299,932,528	259,919,530	259,919,530
Capital redemption reserve fund (Note 22.2)	525,000	525,000	525,000	525,000
	300,457,528	300,457,528	260,444,530	260,444,530

22.1 Revaluation Reserves

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

22.2 Capital Redemption Reserve Fund

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

23 GENERAL RESERVES

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Development reserve (Note 23.1)	7,143,905	7,143,905
Dividend equalization reserve (Note 23.2)	1,000,000	1,000,000
Revenue reserve (Note 23.3)	422,992,095	422,992,095
	431,136,000	431,136,000

23.1 Development Reserve

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

23.2 Dividend Equalization Reserve

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

23.3 Revenue Reserve

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

24. RETAINED EARNINGS

As at 31 March,	Company and Investee		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Balance at the beginning of the year	1,809,487,814	1,515,233,587	1,850,232,411	1,559,802,197
Profit for the year	498,726,784	326,100,661	496,726,990	322,308,246
Actuarial gain/loss	541,446	853,566	2,739,406	821,968
Interim dividend declared during the year	(65,400,000)	(32,700,000)	(65,400,000)	(32,700,000)
Balance at the end of the year	2,243,356,045	1,809,487,814	2,284,298,808	1,850,232,411

25. EMPLOYEE BENEFITS

25.1 Defined contribution plans

For the year ended 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.		
Employees' Provident Fund		
Employer's contribution	23,525,420	21,159,015
Employees' contribution	17,457,111	15,691,993
Employees' Trust Fund	5,881,355	5,289,754

25.2 Defined benefit plans - Provision for Employee Benefits

The note indicates the assumptions used and the movement in the employee benefit plan. The plan is not externally funded. As at 31st March 2016 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M. Poopalanathan AIA of Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries. The valuation is performed annually.

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Present value of unfunded obligation (Note 25.2.1)	83,681,977	76,305,731
Present value of funded obligation	-	-
	83,681,977	76,305,731

Notes to the Financial Statements

25. EMPLOYEE BENEFITS (Contd.)

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
25.2.1 Movement in the present value of the Employee Benefits unfunded obligation		
Balance as at 1st April	76,305,731	68,073,624
Provision recognised during the year (Note 25.2.1.a)	14,652,408	14,247,502
Actuarial loss during the year (Note 25.2.1.b)	(3,360,767)	(1,141,622)
	87,597,372	81,179,504
Payments during the year	(3,915,395)	(4,873,773)
Balance as at 31st March	83,681,977	76,305,731
25.2.1.a Provision recognized in the Statement of Comprehensive Income		
Current Service Cost	7,021,835	6,759,403
Interest on Obligation	7,630,573	7,488,099
	14,652,408	14,247,502
25.2.1.b Provision recognized in the Statement of Other Comprehensive Income		
Actuarial (gain)/loss during the year	(3,360,767)	(1,141,622)
	(3,360,767)	(1,141,622)
The expense is recognized in the following line items in the statement of comprehensive income		
Cost of sales	6,803,524	6,085,426
Distribution expenses	4,830,681	4,320,813
Administrative expenses	3,018,203	3,841,263
	14,652,408	14,247,502
25.3 Principal actuarial assumptions used		
(a) Discount Rate	10.5%	10.0%
(b) Future Salary Increase Rate	10.0%	10.0%
(c) Retirement Age	55 years	55 years

25.4 Sensitivity analysis

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

	2016			
	Discount rate	Effect	Salary increment rate	Effect
Effect on defined benefit obligation liability				
Increase by 1%	11%	(5,090,239)	11%	6,021,095
Decrease by 1%	9%	5,740,484	9%	(5,416,438)
	2015			
	Discount rate	Effect	Salary increment rate	Effect
Effect on defined benefit obligation liability				
Increase by 1%	11%	(6,115,976)	11%	7,354,544
Decrease by 1%	9%	7,072,211	9%	(6,461,022)

26 DEFERRED TAXATION

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Deferred tax assets (Note 26.1)	24,795,273	22,169,482
Deferred tax liabilities (Note 26.2)	(97,763,859)	(107,287,089)
	(72,968,586)	(85,117,607)
26.1 Deferred tax assets		
Balance as at the beginning of the year	22,169,482	19,612,001
Deferred tax asset originating during the year recognized in profit or loss	2,625,791	2,557,481
Balance as at the end of the year	24,795,273	22,169,482
26.2 Deferred tax liabilities		
Balance as at the beginning of the year	107,287,089	65,445,435
Deferred tax liabilities originating during the year recognized in Other Comprehensive Income	621,361	31,284,470
Deferred tax liability originating during the year recognized in profit or loss	(10,144,590)	10,557,184
Balance as at the end of the year	97,763,859	107,287,089

Notes to the Financial Statements

26 DEFERRED TAXATION (Contd.)

	Statement of Financial Position				Profit or loss		Other Comprehensive Income	
	2016		2015		2016	2015	2016	2015
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability								
Property, Plant and Equipment	345,795,874	96,822,845	382,026,552	106,967,435	(10,144,590)	10,557,184	-	30,964,816
Actuarial gain on employee benefits	3,360,767	941,015	1,141,622	319,654	-	-	621,361	319,654
		97,763,860		107,287,089	(10,144,590)	10,557,184	621,361	31,284,470
Deferred Tax Assets								
Employee Benefits	87,042,744	24,371,968	77,447,353	21,685,259	2,686,709	2,624,644	-	
Provision for PILESIS	1,511,805	423,305	1,729,367	484,223	(60,918)	(67,163)	-	-
		24,795,273		22,169,482	2,625,791	2,557,481	-	-
		72,968,587		85,117,607	(12,770,381)	7,999,703	621,361	31,284,470

27 INTEREST BEARING BORROWINGS

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Balance at the beginning of the year	479,841,000	340,841,000
Loan obtained during the year	950,000,000	2,833,142,686
Loan repayment during the year	(1,374,000,000)	(2,694,142,686)
Balance at the end of the year	55,841,000	479,841,000
Amount payable within one year	24,000,000	424,000,000
Amount payable after one year	31,841,000	55,841,000
	55,841,000	479,841,000

Land with a carrying value of Rs. 76.4 mn has been pledged as security against the loan obtained.

28 TRADE PAYABLES

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Trade payables	177,352,013	118,686,724
Bills payable	405,247,436	478,762,964
Trade payables - Related parties		
ACL Cables PLC	36,638,362	113,549,560
ACL Plastics PLC	198,511,052	84,202,219
ACL - Kelani Magnet Wire (Private) Limited	-	35,948,619
ACL Metals & Alloys Pvt Ltd	28,093,492	78,741,315
Ceylon Copper (Pvt) Ltd.	175,158,178	37,259,845
ACL Electric (Pvt) Ltd	4,820,277	14,054
S M Lighting (Private) Ltd	13,813,220	18,063,832
	457,034,581	367,779,444
	1,039,634,030	965,229,132

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
29 OTHER PAYABLES		
Accrued charges	41,314,521	50,647,274
Nation Building Tax payable	3,842,724	3,107,738
Distributors' deposits	44,039,358	33,634,323
Advance from debtors	31,809,111	28,576,131
Other payables	31,364,094	14,852,013
	152,369,808	130,817,479
30 CURRENT TAXATION		
Balance as at the beginning of the year	247,661,423	136,716,638
Provision on current years profit	194,665,621	110,944,785
Payments made during the year	(83,000,000)	-
Balance at the end of the year	359,327,044	247,661,423
31 UNCLAIMED DIVIDEND		
Balance as at the beginning of the year	6,726,122	6,542,534
Dividend declared	65,400,000	32,700,000
Payments during the year	(63,455,629)	(32,516,412)
Balance as at the end of the year	8,670,493	6,726,122

32 RELATED PARTY TRANSACTIONS

32.1 Key management personnel information

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

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

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

For the year ended 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Short term employee benefits / Fee	5,743,071	1,650,000
Post employment benefits	-	-

Notes to the Financial Statements

32 RELATED PARTY TRANSACTIONS (Contd.)

32.2 Transactions with Related Companies

The Company carries out transactions in the ordinary course of its business on an arm's length basis 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 2016 Rs.	Transaction amount 2015 Rs.
ACL Cables PLC	Ultimate parent company	Interest income on loan granted Interest received in cash Bills Charged Settlements during the year Sale of goods (Gross) Settlements during the year Purchase of finished goods (Gross) Settlements during the year	2,703,768 (3,947,878) (99,862) 426,462 203,226,290 (239,069,578) (899,763,748) 976,674,944	2,621,104 (1,376,994) (544,462) 217,826 176,430,803 (129,625,969) (412,359,010) 314,037,204
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	Purchase of Raw Materials (Gross) Settlements during the year Sale of Finished goods (Gross) Settlements during the year	(650,242,838) 535,934,005 50,901 (6,233)	(572,485,288) 600,232,478 103,922 (91,622)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	Sale of finished goods and raw materials (Gross)/ (Returns) Settlements during the year Purchase of finished goods and raw materials (Gross) Drawing Charges Settlements during the year	(8,362,041) (99,472,979) (41,098,425) (22,426,365) 99,473,409	108,031,919 (132,848,252) (13,156,893) - -
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	Purchase of Raw Materials (Gross) Settlements during the year Sale of goods Settlements during the year	(60,293,515) 110,941,338 - -	(236,303,174) 159,466,609 926,490 (926,490)
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Sale of Scrap (Gross) Settlements during the year Purchase of raw materials (Gross) Settlements during the year	- - (512,048,272) 374,149,939	- - (358,225,621) 320,965,776
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Sale of finished goods (gross) Settlements during the year Purchase of finished goods (Gross) Settlements during the year	10,248 (10,248) (7,509,457) 2,703,235	43,297 (44,420) (96,250) 83,319
Lanka Olex Cables (Private) Ltd	Immediate parent company	Interim dividend payment 2013/14 - Rs.1/50 per share Interim dividend payment 2014/15 - Rs.3/00 per share	- 49,048,044	24,524,022
S. M. Lighting (Private) Ltd.	Related through KMP	Purchase of finished goods (gross) Settlements during the year	(157,118,800) 161,369,411	(184,751,903) 179,705,191

Also refer Note 18,19 and 28.

33 FINANCIAL RISK MANAGEMENT

Overview

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

33.1 Credit risk

33.2 Liquidity risk

33.3 Market risk

33.4 Operational risk.

Introduction and overview

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

Risk management framework

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

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

33.1 Credit risk

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

Exposure to credit risk

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

For the year ended 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Trade and other receivables	1,598,975,160	1,818,431,915
Amount due from related companies	41,854,000	42,771,473
Deposits	164,710	152,880
Cash and cash equivalents	603,570,166	413,889,247
	2,244,564,036	2,275,245,515
Age Analysis of Trade Receivables after Provision for Impairment		
Less than 30 days	509,859,494	605,229,721
Between 31 days - 60 days	439,703,429	458,740,256
Between 61 days - 90 days	262,651,900	239,715,684
Between 91 days - 180 days	211,778,545	222,923,766
Between 181 days - 365 days	51,590,296	135,230,807
More than 365 days	187,228,067	239,263,353
Gross trade receivables	1,662,811,730	1,901,103,587
Provision for impairment	(87,845,948)	(92,756,268)
Net trade receivables	1,574,965,782	1,808,347,319

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT (Contd.)

33.1 Credit risk (contd.)

Trade and other receivables

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

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

Control Measures and Action Plans to Mitigate Risk

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

33.2 Liquidity risk

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

33.2.1 Exposure to liquidity risk

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

			Contractual cash flows (Rs.)			
As at 31st March 2016	Carrying amount (Rs.)	Total (Rs.)	up to 3 months	Less than 1 year	1 - 2 years	2 - 5 years
Non- derivative financial liabilities						
Secured bank loans	55,841,000	55,841,000	6,000,000	18,000,000	24,000,000	7,841,000
Bank overdraft	129,175,352	129,175,352	129,175,352	-	-	-
Trade and other payables	1,192,003,838	1,192,003,838	1,155,862,147	36,141,691	-	-
As at 31st March 2015	Carrying amount (Rs.)	Total (Rs.)	up to 3 months	Less than 1 year	1 - 2 years	2 - 5 years
Non- derivative financial liabilities						
Secured bank loans	479,841,000	479,841,000	406,000,000	18,000,000	24,000,000	31,841,000
Bank overdraft	120,623,672	120,623,672	120,623,672	-	-	-
Trade and other payables	1,096,046,611	1,096,046,611	1,096,046,611	-	-	-

33.2 Liquidity risk

33.2.1 Exposure to liquidity risk (contd.)

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31st March 2016

	On demand	0 -30 days	30 -60 days	60 -90 days	90-180 days	180-365 days	Total
Trade payables	-	748,730,250	110,426,118	82,147,102	98,330,560	-	1,039,634,030
Other payables	102,903,752	49,466,056	-	-	-	-	152,369,808
Unclaimed dividends	8,670,493	-	-	-	-	-	8,670,493
Interest bearing borrowings	-	2,000,000	2,000,000	2,000,000	6,000,000	12,000,000	24,000,000
Bank overdrafts	129,175,352	-	-	-	-	-	129,175,352
	240,749,597	800,196,306	112,426,118	84,147,102	104,330,560	12,000,000	1,353,849,683

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

	On demand	0 -30 days	30 -60 days	60 -90 days	90-180 days	180-365 days	Total
Trade payables	-	644,342,041	179,528,154	93,223,394	48,135,543	-	965,229,132
Other payables	69,739,049	61,078,430	-	-	-	-	130,817,479
Unclaimed dividends	6,726,122	-	-	-	-	-	6,726,122
Interest bearing borrowings	-	402,000,000	2,000,000	2,000,000	6,000,000	12,000,000	424,000,000
Bank overdrafts	120,623,672	-	-	-	-	-	120,623,672
	197,088,843	1,107,420,471	181,528,154	95,223,394	54,135,543	12,000,000	1,647,396,405

33.2.2 Management of liquidity risk

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

33.3 Market risk

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

Control Measures and Action Plans to Mitigate Risk

- 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.

33.3.1 Foreign exchange risk

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

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT (Contd.)

33.3.1 Foreign exchange risk (contd.)

	Average rate		Reporting date spot rate	
	2016 Rs.	2015 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
USD 1	139.58	131.36	144.69	133.32

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

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

Effect on profit or loss

For the year ended 31 March,	2016 Rs.	2015 Rs.
LKR depreciated against USD by 5%	(11,057,720)	(5,733,190)
LKR appreciated against USD by 5%	11,057,720	5,733,190

33.3.2 Interest rate risk

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

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

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

Profile

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

As at 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Fixed rate instruments		
Financial assets		
- Investment in Sri Lanka Development Bonds	489,035,300	-
- Short term deposits	592,512,159	410,819,019
Financial liabilities		
- Bank overdraft	(129,175,352)	(120,623,672)
- Short term loans	-	(400,000,000)
Variable rate instruments		
Financial liabilities		
- Interest bearing borrowings	(55,841,000)	(79,841,000)

33.3.3 Price risk

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

33.4 Operational risk

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

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

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

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

34 FAIR VALUES OF FINANCIAL INSTRUMENTS

34.1 Valuation of financial instruments measured at fair value

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

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

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

As at 31 March,	2016		2015	
	Carrying Amount Rs.	Fair Value Rs.	Carrying Amount Rs.	Fair Value Rs.
Loans and receivables				
Short term deposits	592,512,159	592,512,159	410,819,019	410,819,019
Investments	489,035,300	489,035,300	-	-
Trade and other receivables	1,598,975,160	1,598,975,160	1,818,431,915	1,818,431,915
Amount due from related parties	41,854,000	41,854,000	42,771,473	42,771,473
Cash in hand cash at bank	11,058,007	11,058,007	3,070,228	3,070,228
	2,733,434,626	2,733,434,626	2,275,092,635	2,275,092,635
Financial liabilities				
Trade payable	1,039,634,030	1,039,634,030	965,229,132	965,229,132
Other payables	152,369,808	152,369,808	130,817,479	130,817,479
Unclaimed Dividend	8,670,493	8,670,493	6,726,122	6,726,122
Interest bearing borrowings	55,841,000	55,841,000	479,841,000	479,841,000
Bank overdrafts	129,175,352	129,175,352	120,623,672	120,623,672
	1,385,690,683	1,385,690,683	1,703,237,405	1,703,237,405

34.2.1 Short term deposits

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

Notes to the Financial Statements

34 FAIR VALUES OF FINANCIAL INSTRUMENTS (Contd.)

34.2.2 Other financial assets

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

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

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

34.2.3 Financial liabilities

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

35 COMMITMENTS

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

For the year ended 31 March,	Company and Investee / Company	
	2016 Rs.	2015 Rs.
Approximate amount approved but not contracted for	40,410,926	2,754,855

There are no operating lease commitments as at reporting date.

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

36 CONTINGENT LIABILITY

Guarantees

The contingent liability as at 31st March, 2016 on guarantees given to third parties amounted to Rs.82,752,048/-(2015 - Rs. 187,260,327/-).

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

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

37 COMPARATIVE INFORMATION

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

38 EVENTS AFTER REPORTING DATE

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

The Board of Directors has recommended the payment of an interim dividend of Rs. 4.50 per share for the year ended 31st March 2016 which was approved at the board meeting held on 27th June 2016.

As required by Section 56 of the Companies Act No.07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring dividend. A statement of Solvency duly completed and signed by the Directors on 27th June 2016 has been audited by Messers KPMG.

39 DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

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

Statement of Value Addition

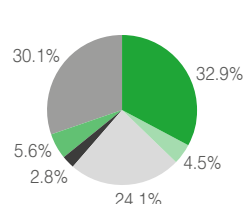
For the year ended 31st March	Company and Investee		Company	
	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Turnover	6,619,776	6,204,431	6,619,776	6,204,431
Other Income	35,717	88,316	35,717	88,316
	6,655,493	6,292,748	6,655,493	6,292,748
Less:				
Cost of Material & Services Purchased	5,217,618	5,140,483	5,219,618	5,144,275
Value Addition	1,437,875	1,152,265	1,435,876	1,148,472
Value Addition as Percentage on Turnover	21.7%	18.6%	21.7%	18.5%

DISTRIBUTION AS FOLLOWS

For the year ended 31st March	Company and Investee				Company			
	2016 Rs'000	As a % of Total	2015 Rs'000	As a % of Total	2016 Rs'000	As a % of Total	2015 Rs'000	As a % of Total
To Employees as Remuneration	472,880	32.9%	427,668	37.1%	472,880	32.9%	427,668	37.2%
To Shareholders as Dividends	65,400	4.5%	32,700	2.8%	65,400	4.6%	32,700	2.8%
To the State as Taxes	346,849	24.1%	283,290	24.6%	346,849	24.2%	283,290	24.7%
To Bank as Interest	39,588	2.8%	55,581	4.8%	39,588	2.8%	55,581	4.8%
Retained in the Business					-			
- As Depreciation	79,832	5.6%	59,625	5.2%	79,832	5.6%	59,625	5.2%
- As Revenue Reserves	433,327	30.1%	293,401	25.5%	431,327	30.0%	289,608	25.2%
	1,437,875		1,152,265		1,435,876		1,148,472	

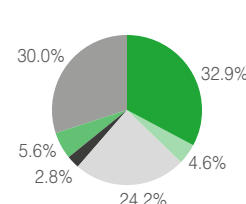
Distribution of Value Addition - 2015/16

Company & Investee



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

Company



Investors' Information

DISTRIBUTION OF SHAREHOLDING - MARCH 31, 2016

Range	No of Holders	Total Holding	% Holding
up to 1000	733	201,916	0.9%
1,001 - 5,000	222	571,381	2.6%
5,001 - 10,000	57	460,649	2.1%
10,001 - 50,000	67	1,366,920	6.3%
50,001 - 100,000	7	481,489	2.2%
100,001 - 500,000	6	1,434,541	6.6%
500,001 - 1,000,000	1	933,756	4.3%
over 1,000,000	1	16,349,348	75.0%
	1094	21,800,000	

Twenty Largest Shareholders as at 31st March		2016		2015	
		No. of Shares	% Holding	No. of Shares	% Holding
1	Lanka Olex Cables (Private) Ltd	16,349,348	75.0%	16,349,348	75.0%
2	ACL Cables PLC	933,756	4.3%	933,756	4.3%
3	Employees Trust Fund Board	378,566	1.7%	539,437	2.5%
4	Bank of Ceylon-No 2 A/c	323,800	1.5%	323,800	1.5%
5	Deutsche Bank AG As Trustee to Candor Sharia Fund	259,367	1.2%	-	0.0%
6	National Industries Group (Holdings) (S.A.K)	250,000	1.1%	-	0.0%
7	Deutsche Bank AG As Trustee to Candor Growth	119,308	0.5%	-	0.0%
8	Thaha I. M.	103,500	0.5%	103,500	0.5%
9	Deutsche Bank AG As Trustee to Candor oport.	85,000	0.4%	-	0.0%
10	Waldock Mackenzie Ltd/Ceylinco Shriram Capital Management	76,600	0.4%	76,600	0.4%
11	Pan Asia Banking Corp., PLC/S. R. Fernando	75,189	0.3%	-	0.0%
12	Eagle Proprietary Investments Limited	65,000	0.3%	-	0.0%
13	Goonsekera C. D. M. (Mrs)	62,500	0.3%	62,500	0.3%
14	Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
15	Madanayake U.G.	56,200	0.3%	56,200	0.3%
16	Waldock Mackenzie Ltd/Mrs.. G. Soysa	46,772	0.2%	46,772	0.2%
17	Vignarajah K. C.	42,420	0.2%	42,420	0.2%
18	Leonard D. S.	41,186	0.2%	41,186	0.2%
19	Kannangara N. L. & Livera S. S	40,000	0.2%	-	0.0%
20	Sandwave Limited	38,987	0.2%	-	0.0%

	No. of Shares	% Holding	No. of Share holders
Share held by public as at 31st March 2016.	4,399,696	20.2%	1090

	2015/16	2014/15
Market Value Per Share		
At the Year End	112.50	80.00
Highest Value during the Year	132.00	101.90
Lowest Value during the Year	80.10	75.20
Earnings per Share (EPS)- Rs.	22.79	14.78
Net Assets per Share	146.47	126.56
Dividend per Share (DPS) -Rs.	3.00	1.50
Dividend Yield	0.03	0.02
Price Earnings Ratio	4.94	5.41
No. of Transactions	1803	836
No. of Share Traded	2,097,565	526,463
Total Turnover (Rs.)	231,600,836	41,066,899
Market Capitalisation (Rs.)	2,452,500,000	1,744,000,000
Percentage of shares held by the public	20.2%	20.2%

Decade at a Glance



TRADING RESULTS

Rs.000

Year ended 31st March	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Turnover	6,619,776	6,204,431	5,231,769	4,565,481	4,342,986	3,822,241	3,322,214	2,829,832	3,126,017	2,833,139
Gross Profit	1,302,349	1,022,926	866,439	717,357	798,558	616,514	695,429	468,715	514,636	671,156
Earnings Before Interest & Taxes	720,210	500,627	351,904	317,254	423,030	265,494	314,479	208,049	251,759	469,800
Finance Cost	(39,588)	(55,581)	(41,255)	(36,952)	(37,381)	(47,190)	(35,019)	(72,988)	(63,040)	(14,944)
Profit before Tax	680,622	445,045	310,649	280,302	385,649	218,304	279,460	135,061	188,719	454,856
Taxation	(181,895)	(118,944)	(95,564)	(79,951)	(104,958)	(84,571)	(139,783)	(40,093)	(68,034)	(153,282)
Profit After Taxation	498,727	326,101	215,085	200,351	280,692	133,733	139,678	94,968	120,685	301,574

BALANCE SHEET

As at 31st March	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Stated Capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000
Capital Reserves	300,458	300,458	177,009	177,009	177,009	143,063	121,977	114,013	114,013	114,013
General Reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	432,000
Retained Earnings	2,243,356	1,809,488	1,515,234	1,336,785	1,158,234	921,142	746,609	650,532	578,387	528,552
	3,192,950	2,759,081	2,341,378	2,162,930	1,984,379	1,713,341	1,517,722	1,413,681	1,341,536	1,292,564
Property, Plant & Equipment	679,381	714,179	588,800	512,733	462,152	429,906	340,294	331,192	290,324	290,833
Intangible Assets	-	1,123	-	-	-	-	-	-	-	-
Investments	13,479	10,847	10,409	28,335	32,451	31,154	9,512	31,963	30,081	39,674
Investment property	231,000	208,000	130,000	130,000	130,000	125,000	120,000	120,000	104,000	104,000
Current Assets	4,170,757	3,937,255	3,143,648	3,047,413	2,269,212	2,295,645	2,129,865	1,484,874	1,948,602	1,570,989
Current Liabilities	(1,713,177)	(1,895,058)	(1,339,731)	(1,450,733)	(817,253)	(1,087,770)	(1,022,431)	(506,700)	(979,546)	(658,359)
Long Term Liabilities	(188,492)	(217,264)	(191,748)	(104,819)	(92,183)	(80,595)	(59,518)	(47,648)	(51,925)	(54,573)
	3,192,950	2,759,081	2,341,378	2,162,930	1,984,379	1,713,341	1,517,722	1,413,681	1,341,536	1,292,564

RATIOS

Gross Margin	19.7%	16.5%	16.6%	15.7%	18.4%	16.1%	20.9%	16.6%	16.5%	23.7%
Net Margin	7.5%	5.3%	4.1%	4.4%	6.5%	3.5%	4.2%	3.4%	3.9%	10.6%
Return of Investment (ROI)	22.6%	18.1%	15.0%	14.7%	21.3%	15.5%	20.7%	14.7%	18.8%	36.3%
Return of Average Equity	16.8%	13.3%	9.6%	9.7%	15.2%	8.3%	9.5%	6.9%	9.2%	27.6%
Assets Turnover	2.1	2.2	2.2	2.1	2.2	2.2	2.2	2.0	2.3	2.2
Working capital turnover	2.7	3.0	2.9	2.9	3.0	3.2	3.0	2.9	3.2	3.1
Current Ratio	2.4	2.1	2.3	2.1	2.8	2.1	2.1	2.9	2.0	2.4
Net Assets per Share	146.47	126.56	107.40	99.22	91.03	78.59	69.62	64.85	61.54	59.29
Dividend per Share (DPS) - Rs.	3.00	1.50	1.50	1.00	1.50	1.25	1.00	1.00	2.25	6.50
Earnings per Share (EPS) - Rs.	22.79	14.78	10.46	9.19	12.88	6.13	6.41	4.36	5.54	13.83
Market Price per Share-End - Rs.	112.50	80.00	80.00	64.10	67.00	95.30	114.50	49.75	95.25	177.00
Dividend Yield (%)	0.03	0.02	0.02	0.02	0.02	0.01	0.01	0.02	0.02	0.04
Price Earnings Ratio	4.94	5.41	7.65	6.97	5.20	15.53	17.87	11.42	17.21	12.79
Dividend Payout Ratio	0.13	0.10	0.14	0.11	0.12	0.20	0.16	0.23	0.41	0.47

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.

Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the enterprise.

Corporate Governance

The process by which corporate entities are governed. It is concern with the way in which power is exercised over the management and direction of the entity, the supervision of execute action and accountability to owners and others.

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 per Share

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

Dividend Yield

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

Earnings per Share

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

EBIT

Earnings before Interest, Tax (Including Operating Income).

Equity Accounted Investee

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

Fair Value

The amount at which an asset is exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Impairment

Occurs when recoverable amount of an assets is less than its carrying amount.

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Market Capitalisation

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

Market Risk

Possibility of loss arising from changes in the value of a financial instruments as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

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

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NOTICE IS HEREBY GIVEN that, the Forty Seventh Annual General Meeting of Kelani Cables PLC will be held on 3rd August 2016, at No. 60, Rodney Street, Colombo 8, at 10.30 a.m. for the following purposes:-

- (i) To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the Report of the Auditors thereon.
- (ii) To re-elect as Director, Mrs. N.C. Madanayake, who retires by rotation in terms of Article 85 and being eligible for re-election in terms of Article 86, of the Articles of Association of the Company.
- (iii) To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorize the Directors to determine their remuneration.
- (iv) To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by two Shareholders of the Company.
 - a) "That Mr. U G Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"
 - b) "That Mrs. N.C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007, shall not apply to her"
 - c) "That Dr.Ranjith Cabral, who has passed the age of 70 years in April 2012, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07of 2007, shall not apply to him"
 - d) "That Dr.Bandula Perera, who has passed the age of 70 years in April 2015, 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. 07of 2007, shall not apply to him"
- (v) To authorise the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd

Secretaries

29th June 2016

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.

Notes

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Form of Proxy

Kelani Cables PLC

I/We ofbeing a shareholder/ shareholders of the above Company hereby appoint of or failing him of as my/our Proxy to represent me/us, to speak and vote whether on a show of hands or on a poll for me/us, and on my behalf at the Annual General Meeting of the Company to be held at No 60, Rodney Street, Colombo - 08 on 3rd August 2016 at 10.30 a.m. and at any adjournment thereof.

Ordinary Resolution set out in the Notice of Meeting:

In Favour Not In Favour

- 1 To receive & adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the Report of the Auditors thereon
- 2 To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration
- 3 To re-elect as Director, Mrs.N C Madanayake, who retires by rotation
- 4 Ordinary Resolution relating to the appointment of Mr. U.G. Madanayake in terms of Section 210 & 211 of the Companies Act.
- 5 Ordinary Resolution relating to the appointment of Mrs. N.C. Madanayake in terms of Section 210 & 211 of the Companies Act.
- 6 Ordinary Resolution relating to the appointment of Dr. Ranjith Cabral in terms of Section 210 & 211 of the Companies Act.
- 7 Ordinary Resolution relating to the appointment of Dr. Bandula Perera in terms of Section 210 & 211 of the Companies Act.
- 8 To authorise Directors to determine donations to charity.

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<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2016

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 Forty Seventh Annual General Meeting of KELANI CABLES PLC

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

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

Corporate Information

Name of the Company

Kelani Cables PLC

Company Registration Number

PQ 117

Legal Form

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

Registered Office

No. 60, Rodney Street,
Colombo 08
Tel: +94 11 7608300, +94 11 2697652
Fax: +94 11 2667758, +94 11 2699503

Principle Place of Business

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

Corporate Website

www.kelanicable.com

Board of Directors

Mr. U. G. Madanayake
Mr. Suren Madanayake
Mrs. N. C. Madanayake
Dr. Bandula Perera
Dr. Ranjith Cabral
Mr. Mahinda Saranapala

Company Secretaries

Corporate Affairs (Private) Limited
No: 68/1, Dawson Street,
Colombo 02

Auditors

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

Bankers

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



P.O. Box 14,
Wewelduwa, Kelaniya,
Sri Lanka.