

POSITIVE **FOCUS**


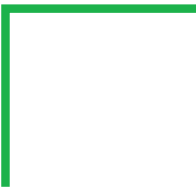


Annual Report 2016/17



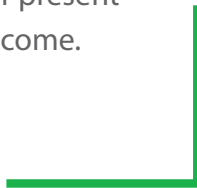
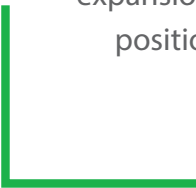
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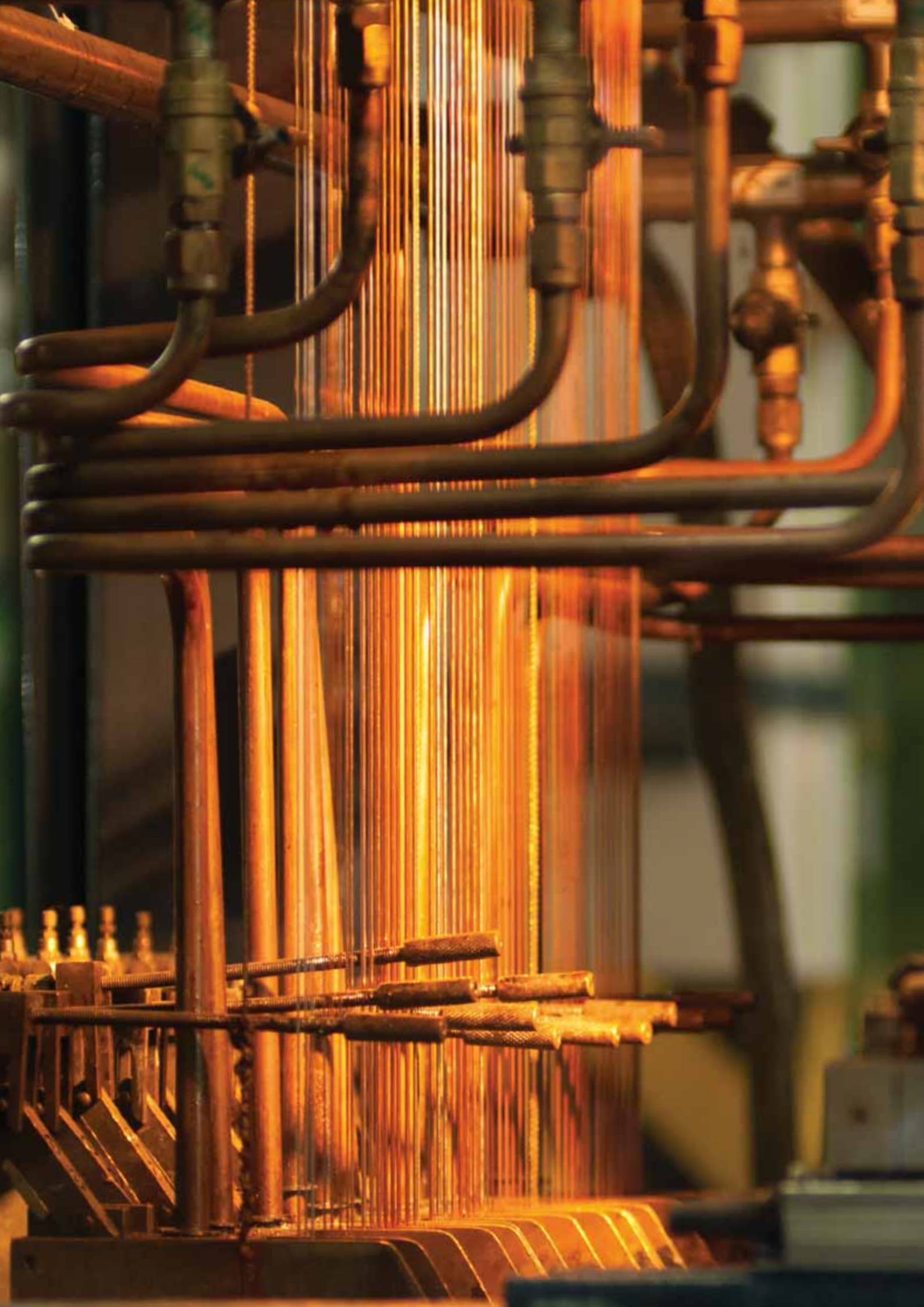


POSITIVE **FOCUS**

At Kelani Cables we believe we are heading in the right direction, as we continue to pursue our vision to become the nation's leading electrical solutions provider. Although the year under review in this report has been a challenging one, your company has demonstrated its usual capacity to weather any storm, using our inherent strength, stability and resilience to deliver value to the many stakeholders we partner and serve.



We are confident of our capacity for long-term growth and expansion as we go into the year ahead – consolidating our present positions while keeping a positive focus on the years to come.



Vision

“To become the nation’s leading electrical solutions provider”

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

Core Values

Respect
Integrity
Quality
Family
Learning

About the Company



Kelani Cables was founded in 1969 as a manufacturer and distributor of power and telecommunication cables and enamelled winding wires. Having begun operations with just twelve workers, Kelani Cables is a household name today with over 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.

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



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

www.kelanicables.com

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

2016

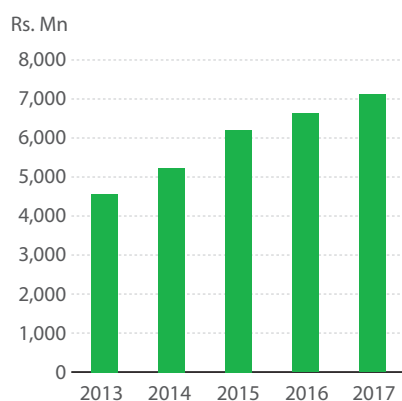
- National Quality Award
- Asia's best employer brand award
- Best green reporter Gold award in Tier 2 in National Green reporting system
- Presidential environmental awards - Bronze award in Metal and mineral processing industries
- National HR excellence awards - Silver award
- Social dialogue and workplace cooperation awards - Gold award
- SLIM brand excellence awards - B2B brand of the year Silver award

Financial Highlights

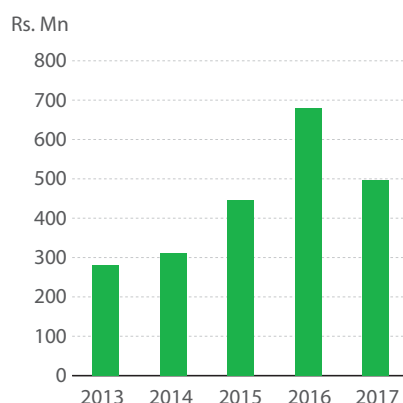
Company and Investee

		2017	2016
Turnover	Millions	7,123	6,620
Gross Profit	Millions	1,135	1,302
Profit Before Tax	Millions	498	681
Profit After Tax	Millions	378	499
Net Assets	Millions	3,475	3,193
Net Assets per Share	Rs.	159.38	146.47
Earnings per Share (EPS)	Rs.	17.27	22.79
Return of Investment (ROI)	%	15.4%	22.6%
Market Price per share (End)	Rs.	117.50	112.50

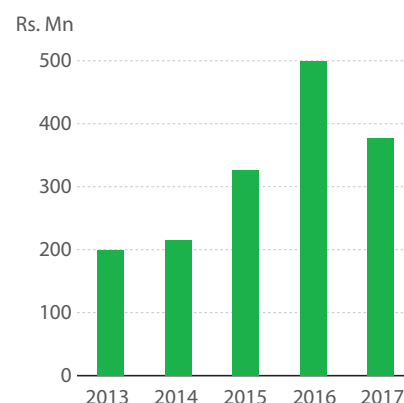
Turnover



Profit Before Tax



Profit After Tax



7,123Mn

Turnover

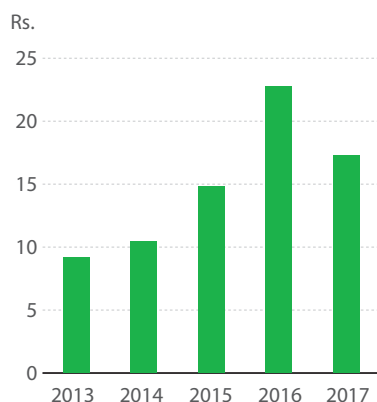
1,135Mn

Gross Profit

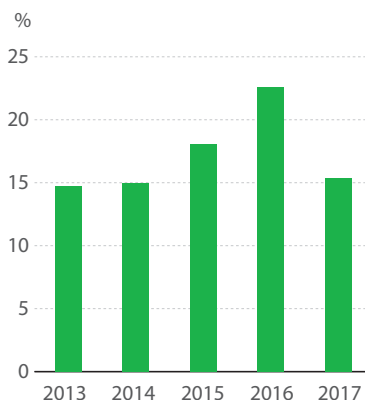
378Mn

Profit After Tax

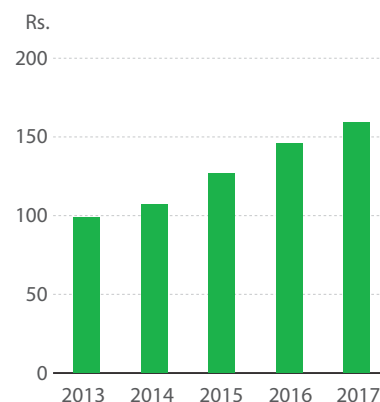
Earnings per Share



Return on Investment



Net assets per Share



Chairman's Review



It is my great honour, once again, to present to you, our valued stakeholders, the Annual Report and the audited accounts of your company Kelani Cables PLC for the financial year 2016/2017. It is with pleasure that I announce that your company was successful in sustaining commendable growth despite adverse conditions both globally and locally to ensure consistent shareholder value.

Financial performance

The year under review brought us good progress and your company has achieved a sales turnover of Rs. 7,123 million surpassing the last year's turnover of Rs 6,620 million. Our sales team performed well despite tough market conditions and the growth over the last year amounts to 8% - year on year.

2016/2017

Turnover	-	7,123 Mn
Gross profit	-	1,135 Mn
PBT	-	498 Mn
Net profit	-	378 Mn

Share performance

Your share traded between Rs. 112.50 to Rs. 101.00 during the year under review.

Expansion programme

Our capacity expansion programme is currently in progress, and the new cable manufacturing line which was installed last year, is currently performing well. We are also exploring the possibility of investing in new, state of the art machinery with high speeds to boost our productivity even further.

Our achievements

We continue to maintain ISO 9001/2008 and ISO 14000/2008 standards good manufacturing practices, 5S, Kaizen concepts, and so on. In addition, regular compliance audits are also carried out to ensure adherence to the given standards.

The year past, was also a success in terms of recognition. Among the many accolades we received, we are proud to state that your company was accredited by the Sri Lanka Standards Institute (SLSI) with the National Quality Award for the second time after 10 years in the large manufacturing sector.



Future outlook

As always, we are confident of our capacity to strategically grow our business in a sustainable manner in the future. Plans are already in place to maintain growth through a process of market expansion and cost control in all our activities.

We also hope that the current political and economic conditions will remain steady, ensuring consistent policies are in place to spur the economy to greater performance.

Appreciation

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

Upali Madanayake
Chairman

29th June 2017

Director/CEO's Review



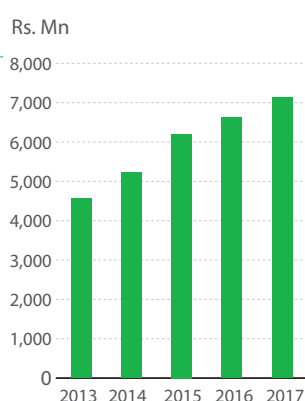
The clear strategic direction we set and the deep commitment of our team has once again resulted in the achievement of an outstanding year.

We are pleased to report that your company has achieved a turnover of LKR 7,123 million - the highest in the history of our company. The overall performance is highly commendable considering the market conditions and severe competition in the distribution market.

The financial highlights

	2016 Rs. Mn	2017 Rs. Mn
Turnover	6,620	7,123
Gross Profit	1,302	1,135
PBT	681	498
Net Profit	499	378

Turnover



Sales & Marketing

We are proud to state that our sales team has performed extremely well despite tough market conditions. In addition, the institutional and export sales also helped us to boost our overall turnover with good performances.

Human Resources

We continue to maintain good relations with our staff and maintain constant dialogues with them. To that end, monthly JCC/Welfare meetings continue to be held. To empower our staff further, training on selected topics is held regularly using external and internal resources.

Employee engagement is also progressing well, and participation in many company and welfare events is of a good standard.

Eminent resource persons are invited as guest speakers on various management topics on a regular basis and this effort is much appreciated by the management.

Manufacturing

The manufacturing division also performed well during the year under review. The manufacturing Plants 1, 2 & 3 utilised all the resources available efficiently and supported the sales divisions by supplying their requirements on time. They also ensured that the highest of quality and standards were maintained at all times. To that end, all products manufactured for exports too met the requisite stringent standards.

Achievements

Our success continues to be acknowledged with many prestigious awards and accolades with the highlight being the Sri Lanka Standards Institutes National Quality Award 2016 which we

received for the second time - The last occasion being in 2006. This proves beyond doubt that our company's robust systems and processes are well in place.

- National Quality Award 2016
- Asia's Best Employer Brand Award 2016.
- Social Dialogue and Work Place Cooperation Awards 2016 - Gold Award
- Best Green Reporter Gold Award in Tier 2 in National Green Reporting System
- National HR Excellence Awards 2016, Silver Award
- SLIM Brand Excellence Awards 2016, Silver Award
- Presidential Environment Awards 2016, Bronze Award in Metal and Mineral Processing Industries.

Corporate Social Responsibility

The 'KELANI SAVIYA' has now been in operation for more than 10 years, and around 300 electrical technicians have successfully graduated from the University of Peradeniya, Engineering faculty.

After the major floods last year in the Western Province, these technicians along with the CEB, the electrical technicians of Kelani Cables PLC working together in consultation with the Divisional Secretary of the Biyagama Pradeshiya Sabha checked more than 450 houses affected by the floods, and gave the green light to supply power to these houses. This was a truly unique, and remarkable voluntary project carried out by all the teams involved.

The 'KELANI SHAKTHI' CSR effort with the University of Jaffna, Engineering faculty has now been in place for two years and around 35 students graduated last year. The second batch of this programme is currently under training. The results, to date, have been highly encouraging.

Future outlook

We will strive to maximize the efficient use of our resources to sustain growth as we have always done in the past. Furthermore, we look forward to a stable political and economic environment with consistent policies to work with.

I extend my appreciation to the Chairman, Deputy Chairman, and Directors for the support and guidance given to me during the year under review. A Special appreciation is also extended to the management and all the employees for their contribution and commitment.

Thank you also, to all our business partners, suppliers, bankers, government institutes for their unwavering support and cooperation.

Mahinda Saranapala
Director/Chief Executive Officer

29th June 2017

Board of Directors



1 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 October 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



2 Mr. Suren Madanayake
Deputy Chairman

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 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). He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity.



3 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.

4 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 serves as a member of the Committee for Public Service Reforms at Policy Development Office, Prime Minister's Office. 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.

5 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.

6 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



Namalke Ekanayake
Manager - Plant 3



Shyama Perera
Manager Technical Operations



Channa Jayasinghe
Manager - Brand Development



Ralph Rajasundaram
Sales Controller



Kumara Withanarachchi
IT Manager



Narmal De Zylva
Stores Manager



Rohana Wadduwage
Sales Manager - Power & Energy Sector



Asela Jayatillaka
Accountant



Asitha Sumanasekara
Human Resources Manager



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
Manager - Quality Assurance



Pradeep Roshantha
Production Manager Plant 2



Pradeep Abeyratne
Accounts Manager

Business Review and Marketing Strategy

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

To further differentiate the Kelani brand and to strengthen the brand positioning, an integrated marketing strategy was executed, which improved brand equity. While competitors continued to adopt the strategy of heavy price discounting, our strategy was to offer customers and consumers an excellent value proposition in terms of product 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. Your company managed to get vital growth in top line. The slight drop in bottom line was purely due to severe market competition.

The pillars of our 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

Despite slow movement in infrastructure development in the country, our project sales team maintained sales growth.

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

The project market segment recorded an 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.



“Kelani Knowledge Forum” 2016.

The annual six a side cricket tournament organized by the company for staff of institutional customers is further strengthening the business relationship with customers.



Annual six a side cricket tournament 2016

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

Exports

Among the initiatives taken to strengthen the brand equity, participating in overseas exhibitions, taxi branding and dealer boards gave significant mileage for the brand.

The country representatives based in Maldives and Bangladesh have the advantage of reaching their customers easily. Along with that, their professional negotiating skills and providing customized product solutions have resulted in achieving superior results in export sales.

During the year under review, we established a company Liaison Office in Bangladesh to support the company representative there and strengthen the business in Bangladesh.

Power and Energy

The team continued to extend their services to Island wide power generation and distribution grid and hope that future developments will contribute more revenue from this sector.

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.

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

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

Lighting Division

During the year the lighting division strategically changed direction to contend with the competition as the brand was growing with customer satisfaction with success reinforced by the accolades received. Your company plans to come out with total lighting solutions in the near future and initially we have launched LED bulbs for the domestic market which will no doubt be a premium player.

Our main objective was to penetrate more in to the retail sector along with Hitachi "Maxell" batteries which is a new agency tie to trading business. To that end, we plan to expand further to modern trade, government institutions and industries, hospitals, garment factories, city lighting and specially the estate sector where still we have a potential for the incandescent lamp.



The goal of Kelani is to deliver products that improve society's quality of life through effective lighting solutions.

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. The Kelani brand received the Silver Award on B2B brand of the year category at SLIM Brand Excellence 2015/16.



B2B Brand of the Year – Silver Award Winner at SLIM Brand Excellence 2016.

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.



Aerial Bundled Cables (ABC)

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



Auto Cables

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



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 an Orange strip.



Armoured and Unarmoured Power Cables

Copper conductors 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 5467, IEC 60502 and BS 7889 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 insulated cores. The cotton braiding and the insulation are special heat resistant type materials.



Nationally and internationally
certified products

Control Cables

Multiple conductor cable PVC insulated and PVC sheathed. Number of cores range from 5 to 48. Manufactured to IEC 60502 to a voltage rating of 600/1000V. The cables can be armoured or unarmoured.



Flexible Cords

Class 5 copper conductors PVC insulated twisted twin, parallel twin and PVC insulated and sheathed circular multi core cables, manufactured to BS 6004 and BS EN 50525 to a voltage rating of 300/500V and 300/300V.

Screen Cables

Annealed copper conductors PVC insulated, copper braided and PVC sheathed in multi core cables. Manufactured to BS EN 50525.



TV Down Leads/ RG Series

Annealed copper conductors 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.

Kelani Enamelled Winding Wires

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



Speaker Cable

Flexible tinned copper conductor, transparent PVC insulated available in AWG 10, 12, 16, 18 and 20.

Product Portfolio Built to Connect, Power and Protect

Jumper/Booster Cable

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



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.



RG6 Jelly Filled Cable

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

Telephone Cables

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



Solar Cables

Halogen Free UV resistant PV Solar Cables to 2pfg 1169.



Nationally and internationally certified products

Cable to Bangladesh Market

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



Kelani Lead Free Submersible Pump Cables

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

Kelani CCTV Camera Cable

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



Cat 5e and Cat 6

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

Cables to Australia / New Zealand Market

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



House & Building Wires

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



Rosette Telephone Cable

Plain annealed copper conductors, PE insulated and PVC sheathed. Four core flat cable.

Sustainability Report

**For Planet.
For Our People.
For Society.**

“Our sustainability efforts during the last year were demonstrated by winning national and international awards in people development, environment, quality and brand excellence”

Throughout our 48 year history, we have promoted the social and environmental development of the communities where we operate and have made important contributions to initiatives that promote sustainability in the cable sector. For us, sustainability means achieving our growth ambitions in the following way: taking the present and future needs of society into account; offering best products and services, to our customers; acting in an ethical, transparent manner and in accordance with the laws and regulations; providing a motivating, healthy and safe work environment for our employees; supporting our local communities and encouraging their progress.

Kelani Cables won the prestigious National Quality Award in 2016. The Sri Lanka national quality award is presented by Sri Lanka Standards Institute for performance excellence. This award is based on the seven performance excellence criteria of Malcolm Baldrige quality award of the United States. National quality award criteria is built on Leadership, Strategy, Customer focus, Measurement, Analysis, and Knowledge Management, Workforce, Operations and business results. In 2006 Kelani Cables became the first cable company to win National Quality Award and by 2016 has become the only cable company in Sri Lanka to have won the title twice. We



Kelani Cables Director/CEO Mahinda Saranapala receiving The National Quality Award 2016 from President Maithreepala Sirisena



President Maithreepala Sirisena presenting the Best Green Reporter 2016 award to Kelani Cables Manager Technical Operations, Shyama Perera



Kelani Cables Deputy Chairman Mr. Suren Madanayake with Kelani team at National Quality Awards 2016

were able to achieve this feat owing to an exceptional leadership and committed teamwork which craved to be the best in a highly competitive arena. Winning the National quality award is an external assurance of the company's emphasis on performance excellence in all aspects of its business and its ability to sustain the performance excellence over decades.

For Planet.

Kelani Cables Recognised at Presidential Environmental Awards 2016

At the Presidential Environmental Awards Ceremony 2016, Kelani Cables was awarded the Best green reporter in Tier 2 of the National Green reporting system. National green reporting system is a project of the Ministry of Mahaweli Development & Environment to promote sustainability reporting by Sri Lankan businesses and is based on the globally recognised sustainability reporting framework - Global Reporting Initiative (GRI). The company disclosed information on selected sustainability indicators and the company's approach to manage sustainability in the long term. We also won the bronze award in metal and mineral processing industry at the same ceremony. This is the company's second consecutive presence at Presidential Environmental awards.

Recycling and Waste Management

As a responsible organization having ISO 14001 certified environmental management system, we always work resource efficiently and we practice the 3R-Reduce, Reuse and Recycle concept. The Copper and Aluminium waste material from our processes are entirely given for recycling at a company within our group of companies. PVC process waste is given to SME partners to use as an input to manufacture various products with economic value. Fluorescent bulbs & CFL were given to a recognised recycler for environmentally friendly disposal. We have a company policy to replace all burnt fluorescent & CFL bulbs only with LED bulbs. Cardboard, polythene and paper were given for recycling and reuse. Electronic waste is handed over to a CEA recognised waste recycling agency. The company has collaborated with industry experts, governmental and non-governmental agencies and Universities to search methodologies for recycling/disposing of different types of waste. Waste segregation within our operating locations is in place with an established colour code for waste types. Waste items which we were unable to reuse or recycle were thermally destroyed. To encourage environment friendly packaging, we replaced some of our product packaging from plywood bobbins to reusable plastic bobbins and we reuse plastic bobbins used for packaging enamelled winding wires.

Energy

The primary energy source of the manufacturing operation is Electricity purchased from the grid. Kelani Cables have been able to reduce electricity consumption per product output gradually over the past years through increased productivity, increased overall equipment effectiveness, use of skylights to optimize day light and various other electrical methods.



Water

The water used for wire cooling is reused infinitely in a circulation system. Water sourced from Municipal supply is used in staff cafeteria and office pantry. Water from a ground well is used for gardening and sanitary purposes. As we continuously monitor our water footprint, we improved our water productivity in high water consuming areas.

Air Quality

Air quality and volatile organic carbon particle measurements in the working environment are taken regularly through reputed testing bodies.

Metabuild™

Metabuild™ project is aimed at resource efficient and cleaner production in metal processing industries in Sri Lanka, India and Bangladesh. It provides free technical consultation to companies for enhancing energy efficiency, water productivity and material productivity. National Cleaner Production centre of Sri Lanka selected Kelani Cables for this European Union funded project. Comprehensive assessments and measurements were carried out at factory location by experts from Netherlands and India and we plan to implement feasible energy improvement options suggested by Metabuild™ project during 2017/18 period.

Responsiblecare®

Responsible Care® is the global chemical industry's unique initiative to improve health, environmental performance, enhance security, and to communicate with stakeholders about products and processes. 'Lanka Responsible care Council (LRCC)' was initiated as a voluntary Association with the blessings of National Cleaner Production Centre (NCPC) and New Zealand Responsible Care Council in 2012. LRCC is the sole national trade association

Sustainability Report

representing the common interests of the Chemical suppliers and major users in Sri Lanka. The members/ partners of the Association are chemical manufacturers and users who wish to commit responsible care guiding principles, Government Organizations, Universities, certifying bodies operating in Sri Lanka and so on, both at individual and corporate levels. Association will facilitates lobbying of stakeholders in order to overcome the barriers that were hampering the progress of Responsible Care initiatives. Kelani Cables was certified as a Responsible care organisation in 2015.

Creating Awareness

Prof. Ajith De Alwis is an environmental expert in Sri Lanka and he plays a critical role in creating a dialogue on climate change and other environmental issues. He joined with us on the world environment day to share his views on “The Need for Change – Circular Economy to Biofuture”.



“Soba Wandana” Kelani Temple Cleaning Program and Awareness Program on Waste Segregation

Kelani Cables with the collaboration of Environmental Conservation and Management society, University of Kelaniya conducted a cleaning program in Kelani temple on Vesak full moon poya day. We provided the waste collection bins to place in the temple to facilitate the segregate waste collection. Throughout the day an awareness program was conducted to emphasize the importance of proper waste segregation in solid waste management with university students and cleaning program was also conducted during the day.



For Our People.

Our People

Kelani Cables PLC has a distinctly different culture. Our culture is all about the people who make Kelani Cables what it is, the ways in which we improve the life style of our consumers, and how we work with and develop our people, suppliers, partners and third parties.

Our culture is captured by our five values – Respect, Integrity, Quality, Family and Learning. These values are interlinked and together define how we make decisions, how our people act and how we assess and reward them. Our leaders are role models for these behaviors, so everyone in Kelani Cables understands the way we work.

Every leader at our Company is accountable for attracting, developing, retaining and engaging talented people and also enabling them to execute our strategy. By doing so we are able to connect with communities, provide excellent customer service and bring smiles to the faces of consumers.

Diversity of the Kelani Family

Our broad geographic footprint means that our business serves a diverse spectrum of communities. We believe fostering a workforce which reflects that diversity is essential to remaining the strategic partner of choice for all of our customers. Diversity and inclusion help to stimulate different ways of thinking, which supports innovation and leads to new opportunities.

To increase understanding and engagement, we encourage a cross-cultural talent pool. We have a formal Inclusion, and we always appoint the best person for each position.

Talent Acquisition

With the challenges ahead, Kelani Cables PLC has adopted a balanced approach to talent acquisition. It relies both on leveraging the skills and experience already available within the

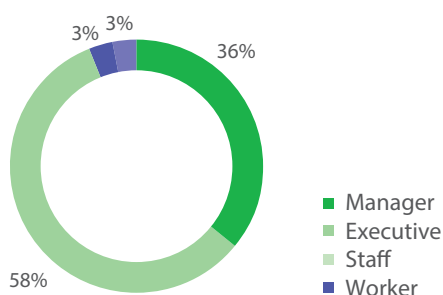


organization, while bringing in the necessary capabilities that will help position the Kelani Cables for long-term sustainable performance.

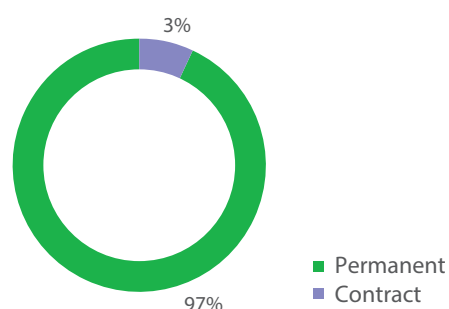
Kelani Cables continued to strengthen its internal career mobility activities to drive greater career development and retention of employees. Our current focus is on communicating and informing employees, creating greater visibility of opportunities, enabling managers and setting a suitable framework.

A key aspect of internal career mobility and an important measure is to realize restructuring programs in a socially responsible manner. To that end, a particular focus will be placed on facilitating cross-divisional moves, which also allows employees to develop and expand their skills and pursue diverse careers.

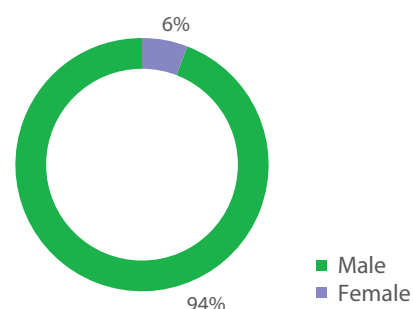
Talent acquisition - Category wise



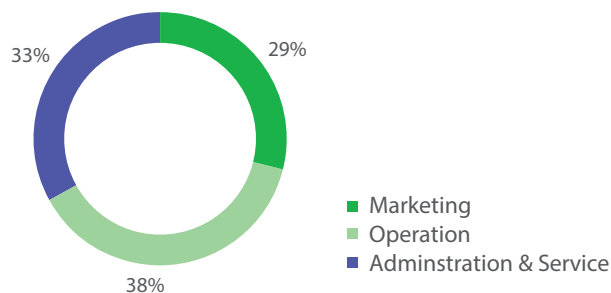
Employment Diversity



Gender Diversity



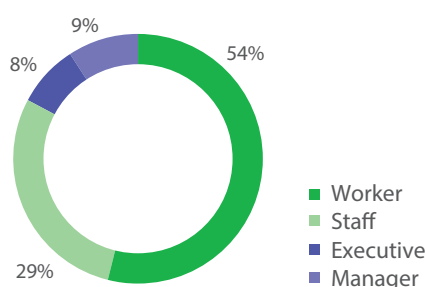
Talent acquisition - Department wise



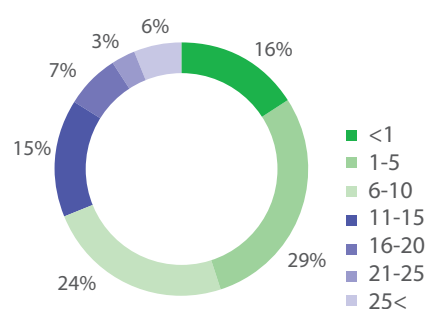
Talent Development

Our business performance relies, first and foremost, on our employees. Therefore, the company seeks to build the capabilities of managers and staff to develop both professionally and personally and to position the organization for future success. Talent and development activities are aligned to three priorities, building leadership capabilities and developing future leaders, fostering an environment that supports sustainable performance and promoting continual professional and personal development for all employees. Kelani Cables is transitioning all performance management and development processes into one fully integrated approach. Continuous learning and development are seen as vital

Category Diversity



Service Diversity



for ensuring that employees have the skills, knowledge and abilities for their current roles and are prepared for new challenges.

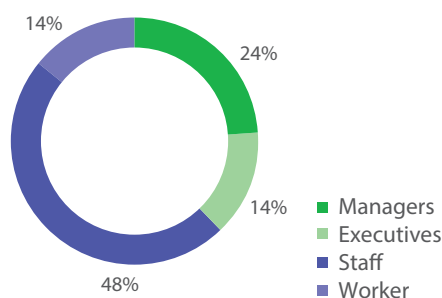
Acknowledging a person's individual performance and development as well as their personal contribution to overall organizational success is key.

The focus of our training was the main tool that improve talents. We identify the training needs through our Performance Evaluation System and we are committed to improve their talents through ad-hoc trainings and professional courses as well.

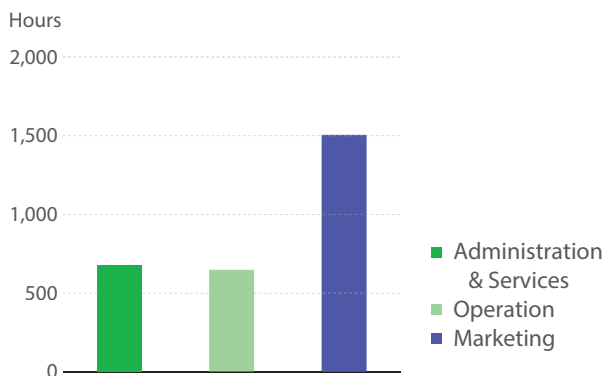
Sustainability Report

There were a number of training Programs for individuals who have the potential to be future leaders, preparing them for the next stage of their development and ensuring they gather the right skills and experience to accelerate their careers.

Trainings by Category



Trainings by Departments



To enable employees to maximize their potential and get the most out of their career, Kelani Cables promotes the continuous professional and personal development of its staff. Thereby, total investment in training was increased annually. The company also

maintained a broad offering of programs. In accordance with the strategic priorities of Kelani Cables, there has been a greater focus on sales and marketing topics. A significant part of the training is now delivered via innovative learning tools.

Talent Retention

When our people are happy, this naturally spreads to our consumers, customers and partners. Because we believe that having healthy, happy, engaged people will support our business. We have developed a well-being framework with various initiatives to help support our employees' physical, emotional, social and financial health. To support our people in their efforts to live healthy and active lives, for example, offer medical check-ups and encourage participation in company and community supporting events and healthy living programmes. This serves to foster a better understanding of healthy living and energy balance across our company.

The Kelani family refers to various policies and practices which let the employees remain with our organization for a longer period of time. We invest time and money to groom a new team member, to make them corporate ready material and bring them on par with the existing employees, even though the company is completely at loss when the employees leave their job once they are fully trained. Even so, we are committed to our policy, so that an individual stays in our organization for the maximum period of time. We believe on career opportunities, compensation, work environment, company culture and benefits are the key factors that retain the talent for longer period. Market based compensation and remuneration as well as excellent benefits help our people to stay one step ahead from comparative cost of living. In order to maintain a good, positive culture in our organization we conduct welfare events such as Annual Pirith enchanting at January 1st, Annual New year festival, Annual Christmas party, Biannual Medical campaign etc, we are committed to make Kelani Cables their second home.

For year 2016/17 our welfare society had organized stage drama "Hankithi 13" as fund raising project and supported a series of welfare activities including 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.



Annual Christmas Party



Employees Day



Annual New-Year Festival



Stage Drama "Hankithi 13" Fund Raising Event

As a good performing organization we were able to uplift our employees' satisfaction with the spirit of winning team. Last year our commitments are recognized globally as well as locally.

Occupational Health and Safety

While we are focused on improving the overall well-being of our people, we know this begins with providing a safe workplace. In order to further improve employee safety, particularly targeting workplace accidents, we continue to strengthen our safety programmes. We provide fire safety training for the fire team who drive the company on emergency situation and first aid team focused on life saving first aid. Presentations included practical exercises and information on first aid techniques including CPR and defibrillators. The exercises were presented with reputed organizations like Red Cross.

We are a family that ensure safe environment and excellent occupational health to our employees. Our record of zero major accidents reflects our commitment towards a safe work environment.



First aid training and Fire-drill held annually

Sustainability Report

Asia's Best Employer Brand - Continuous International Recognition



Kelani Cables was recognized at the Asia's Best Employer Brand award for the second consecutive year in the seventh edition of Asia's Best Employer Brand Award 2016 which was held in Singapore.

The annual award ceremony is hosted by Employer Brands Institute and World HRD Congress with CHRD Asia as a strategic partner. Asia's Best Employer Brand award is endorsed by the Asian Federation of Business. This Award is considered to be the most recognized one amongst all awards conferred to organizations contributing towards strengthening Asia's economy.

The purviews within which a winner is selected are: a company's culture encouraging innovation, its belief in consistent improvement in HR policy maintaining organizational health and values, being a social employer and a company's ability to develop future leaders. Research for the award is based on primary data on respective companies.

Social Dialogue Gold Award -2016

A sound employer – employee relationship is one of the key footsteps that we are following towards success. Industrial harmony leads us to more productive and efficient in our manufacturing process. The industrial peace of many organizations has collapsed due to certain factors. Under such adverse circumstances, Kelani Cables won the Bronze award 2015 and through team commitment we converted it to a Gold award of 'Excellence in Social Dialogue and Workplace Cooperation 2016', from Medium scale manufacturing category at the Island-wide award ceremony organized by the Department of Labour on 28th December, 2016.



CEO Receiving Social Development and Work Place Cooperation Award



Kelani Cables team receiving National HR Excellence Award - 2016

We were also conferred with the silver award at South Asia's largest HR event, "National HR conference 2016" held at the BMICH. The event was organized by IPM (Institute of Personnel Management). It is a great recognition to our best HR practices.

All these awards we have received reflect and prove the effectiveness of HR practices as well as Our HR theme, "480 Hearts, 1 beat"

Way Forward

Human Resource plays an instrumental role in securing the future success of Kelani Cables PLC. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are better enabled to deliver sustainable organizational performance. Specifically, our HR activities were in line with these priorities, which have come into particular focus with Kelani Cables PLC's Strategy and its execution over the coming years.

For Society.

Technical Seminars and Knowledge Forums

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

Community Engagement

Our approach to engaging with communities 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 local communities, enhancing corporate reputation and competitiveness, retaining employees and contributing towards the economic and social development of people.

Kelani Saviya

Our unique initiative "Kelani Saviya" set up to promote professionalism in the occupation of electricians, continues for the 10th consecutive year. The program was launched under the patronage of the Vice Chancellor, University of Peradeniya, Prof. S.B.S. Abeykoon - one of the key founders of the program. During the year under review the 10th batch commenced the program with 50 students. The key objective of this program is to encourage youth to achieve high standards in their chosen vocation as electricians and gain social recognition as well as better their career stability and prospects. Set up in 2007, the course has registered 450 students from across the island to date, with over 350 achieving the required goals and completing all three levels to obtain full qualification.



Kelani Saviya is in the 10th consecutive year



Passed students of Kelani Saviya 9th batch at the Certificate Awarding Ceremony on 22nd April 2016.

Kelani Shakthi

We have, further strengthened and extended the above program to the Northern Province with the name "Kelani Shakthi" in collaboration with the University of Jaffna. The initial program accommodated 50 students. The graduating out ceremony of these students was held and the second batch of the Kelani Shakthi students commenced program.



Passed students of Kelani Shakthi 1st batch at the Certificate Awarding Ceremony on 29th August 2016.

Knowledge Sharing

In the last financial year we have given the opportunity to 12 organizations to visit our premises and share the best practices with us. The Sri Lanka Navy, Air Force, Government organizations, many private organizations, hospitals and students of vocational training institutes visit us regularly.



12 Organizations visited Kelani Cables; sharing best practices



Kelani Electricians' Club

Our pioneering effort towards raising the standards of electricians, both professionally and socially, completed another successful year by conducting 19 seminars throughout the country with over 100 participants attending each seminar. These seminars covered the area of usage, safety and conservation of electricity.

Sustainability Report



19 Electrician's seminar's were held during the year



Technical knowledge sharing session

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.



Winders Training program

Community Support

Flood Relief

As a community responsible organization we were able to help our employees as well surrounding community who were affected from the flood. We distributed dry rations, lunch packets and we funded employees to rebuild their houses.



Dry rations being distributed by Kelani Cables team for flood affected people in the Kaduwela area

Restoring Electricity Of Flood Ravaged Houses In Biyagama

The Kelani Saviya Alumni Association members together with the CEB, held a two day CSR project to help flood victims who were affected in Biyagama Divisional Secretariat Area in June 2016 with the guidance of AGA Biyagama. The team was given the task of checking and fixing the electrical wiring system of approximately 700 flood affected houses and successfully completed the job within 02 days.



Kelani Saviya team inspecting a flood affected home



Kelani Saviya team with Biyagama AGA staff

Scholarship Program

Under this Program scholarships are being awarded by our company to students and it is continued till their advanced level exam. To that end, 39 scholarships were awarded to children of electricians who had 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.



Awarding scholarships to the children of electricians

Product Responsibility

Consistent with our brand promise "Safety Forever", we offer our customers with products that meet and exceed requirements of national and international standards. All Kelani Cables are tested extensively at internal and external state of the art testing laboratories by experienced and skilled professionals before they are released to the market. We keep a regular dialogue with our customers, professionals in the electrical field, governmental institutions, regulatory bodies and other stakeholders as appropriate to understand current and future needs, trends and developments in the electrical wiring field and how we can offer better products to our customers. We conduct regular trainings and seminars for members of Kelani Electricians Club to arm them with industry new developments and enhancing their professions. A wide range of Kelani Cables holds certification from the national standards body Sri Lanka Standards Institution and Kelani Enamelled winding wire is an Underwriters Laboratories (UL) recognised component accepted internationally.

Product Information & Consumer Safety

We provide our customers with necessary information on cables and other products that are required to ensure safety while storing, installing, operation and if required disposal. Voltage category is a necessary indication in product labelling to avoid damage to

humans and equipment by misusing cables. Optimal and safe current ratings for cables are recommended in our catalogues based on UK IET wiring regulations/BS 7671 latest version. Product catalogues are available in Sinhala, Tamil and English languages with information understandable to both experts in the field and the common consumer.

Free Technical Assistance

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



UL Recognized & RoHS Compliant EWW

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

Lead Free Submersible Cables

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

Solar Cables for Solar Grids Wiring

In accordance with the government's solar power promotion program, "Soorya bala sangraamaya" businesses and households alike are keen on installing solar panels, which in turn has reduced the greenhouse gas emission caused by fossil fuel burn. Kelani Cables offers solar cables with excellent quality and durability that suits wiring of solar systems in any part of the country.

Risk Management

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

The responsibility for managing risks rests with everybody in the organization including the board of directors, who have set policies and processes to manage the same. They are monitored in the discharge of their duties by the Audit Committee, who have oversight responsibility for risk management and internal controls.

These identified risks and mitigation action plans are discussed at the regular Audit Committee meetings and implemented with the guidance of the Committee. In addition during the year end audits a management letter is issued by the external auditors and informs the board of directors the outcomes of these evaluations.

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

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

Risk category	Description	Strategies and Mitigating Actions
Business/ Market Risk	Economic conditions and government policies Aggressive competition New entrants	<ul style="list-style-type: none"> Company closely monitors competitor activities and strategies. This includes review of market share of competitors' and performance, where necessary new strategies are formulated or existing strategies are revised to counter the actions of competitors. Strengthen market position by improving brand image and ensuring availability of the products in various parts of the country. 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.
Operational Risk/ Fraud Risk	Losses arising from fraud, human errors, unethical behaviour, fraud and error by one or more participants in a particular process which creates lack of trust in dealings	<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 Stringent internal controls Strong internal audit function
Human Resource Risk	Disruption to continuity of business Operations as a result of failure to attract, develop and retain skilled workforce	<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.
Credit Risk	Potential losses arising due to customer bankruptcy	<ul style="list-style-type: none"> Efficient follow up and collection practices Adherence to business specific credit policies

Risk category	Description	Strategies and Mitigating Actions
Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by debtors, long stock residence period and early payment for creditors	<ul style="list-style-type: none"> Continuous reviewing of business models and working capital management Strong relationship with banks and unutilised funding lines Credit risks are assessed, credit limits are set and credit granted is closely monitored
Exchange Rate Risk	Potential losses as a result of adverse movement in the exchange rates	<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.
Interest Rate Risk	Fluctuation in market interest rates having an impact on the profitability by way of interest income and borrowing cost	<ul style="list-style-type: none"> Consistent negotiations with banks to obtain attractive interest rates
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 Standard upgradation	<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
System Risk (IT) Risk	Potential for system failures, inaccuracy or delays in decision making due to inaccurate or non-availability of timely information from key computer systems	<ul style="list-style-type: none"> Centralised IT operation and 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 releases
Environmental Risk	Risks associated with environmental emissions and the related risks due to violation of regulations	<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 manner.

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 and four Directors. As evident from the profiles of Board of Directors, Kelani Cables PLC Board comprise of professionals as well as entrepreneurs who have many years of experience in the corporate world. The Board gives leadership in setting the strategic direction and establishing a sound control framework and is accountable for the governance of the Company.

The Board's composition reflects sound balance of independence and anchors shareholder commitment.

Responsibilities of the Board

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

The Board is responsible for:

- 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 are 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 Meeting 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, which 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 etc.

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 with 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.

- He ensures good governance and effective discharge of Board functions by the Board Members at all times and implementations of decisions taken.
- The Chairman will ensure, Effective participation of both Executive and Non- Executive Directors and views of directors are ascertained.

- All Directors are encouraged to make an effective contribution.
- The Board is in full control of the Company's state of affairs and make aware its obligations to shareholders and stakeholders.
- Proper conduct of meetings, accuracy and timeliness of information and accurate minutes.

A 4 Financial Acumen

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

Procedures exist to ensure that Directors receive timely information on 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 is undertaken by the Board itself, taking into consideration the Board composition required and the strategic input required. This is done according to Articles of Association. 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 should annually appraise itself in the key responsibilities. 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 it. This sheet is discussed 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 74 to 75.

The Board meets once a month to review the performance of the Company and take strategic decisions. Scheduled Board meetings and Committee meetings were arranged well in advance and all the Directors were expected to attend each 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.

Corporate Governance

Name of the Director	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Related Party Transactions Review Committee Meetings
Executive Directors				
Mr. U.G.Madanayake - Chairman	11/12			
Mr. Suren Madanayake - Deputy Chairman	12/12			
Mr. Mahinda Saranapala - Chief Executive Officer	12/12			
Non Executive Directors				
Mrs. N.C. Madanayake	5/12			
Independent Non Executive Directors				
Dr. Bandula Perera	12/12	4/4		
Dr. Ranjith Cabral	12/12	4/4		
Non-Executive Directors of Holding Company				
Mr. Ajit Jayaratne		4/4	1/1	4/4
Mr. Rajiv Casie Chitty			1/1	4/4

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 Director's 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.

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 42 of the Annual Report.

B 2 Level and Make-up of Remuneration

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

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 of monthly Board Meetings. Chairman and Deputy Chairman have acted in an

honorary capacity and only a fee for attending Board Meetings were paid to them during the year under review. The remuneration paid to 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 are 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 the 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. The Annual report produced for the year ended 31st March 2017, 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 Company's 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 2017.

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, CEO's Review and Annual Report of the Board of Directors on the Affairs of the Company is given on pages 8 to 11 and pages 44 to 46. The Statement of Directors' Responsibility for Financial Reporting is given on page 47 and the Independent Auditors' Report on the Financial Statements of the Company for the year ended 31st March 2017 is given on page 49.

D2 Internal Controls

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

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.

D3 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

Directors must disclose the extent to which the Company adheres to established principles and practices of good governance.

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

Corporate Governance

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

Institutional shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis 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.

Compliance with Corporate governance rules as in sections 7.10, 9.2 and 9.3 of the Listing rules of the Colombo Stock Exchange.

CSE Rule No.	Applicable Rule	Governance Requirement	Company's Adherence
Board of Directors			
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors, whichever is higher.	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.	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.	Not applicable as it complies with listing rules.
7.10.3 (c)		A brief resume of each Director should be included in the Annual Report, including his / her area of expertise.	Please refer pages 12 & 13 of the Annual Report.
7.10.3 (d)		Upon appointment of a new Director a brief resume of the Director should be submitted to the Stock Exchange.	Compliant
Composition of Remuneration Committee			
7.10.5 (a)	Composition	The Committee shall comprise of majority of whom shall be independent. One Non- Executive Director shall be appointed as Chairman of the committee by the Board of Directors.	Compliant Parent Company Remuneration committee acts as the Remuneration committee for the company. Refer Remuneration Committee Report of the Annual Report

CSE Rule No.	Applicable Rule	Governance Requirement	Company's Adherence
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 and Note 7
Audit Committee			
7.10.6 (a)	Composition Directors	The Audit Committee shall comprise of a minimum two Independent or of Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Audit Committee shall be a Non-Executive Director. Unless otherwise determine by the Committee, the CEO and the CFO shall attend meetings. Chairman or one of the Committee member should be a member of a recognized professional accounting body.	Compliant Refer Audit Committee Report in the Annual Report. 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. Compliant
7.10.6 (b)	Functions Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the SLAS.	Overseeing compliance with the financial reporting related regulations and requirements. Overseeing the process to ensure that internal controls and risk management are adequate. Assessing the independence and performance of the external auditors. Recommending to the Board the appointment, re-appointment and removal of the Auditors and approving their remuneration and terms of engagement.	Complaint. Refer Audit Committee Report in the Annual Report
7.10.6 (c) Disclosure in Annual Report		The names of the members of the Audit Committee The basis of determination of the independence of Auditors A report of the Audit Committee setting out the manner of compliance	Compliant. Refer Audit Committee Report

Corporate Governance

CSE Rule No.	Applicable Rule	Governance Requirement	Company's Adherence
Related Party Transactions Review Committee			
9.2.1 Related Party Transaction Review Committee (RPTRC)	Functions	The Annual report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions to ensure the interest of the shareholders as a whole is taken to account by the Company when entering into Related Party Transactions.	Compliant. Refer the Related Party Transactions Review Committee Report of The Annual report.
9.2.2 Composition of RPTR Committee		Such number of Non-Executive Directors and Executive Directors at the option of the Company and the Chairman of the RPTR Committee shall be an Independent Non-Executive Director.	Compliant. Parent Company RPTR Committee act as the RPTR Committee for the Company. Refer RPTR Committee Report of the Annual Report.
9.2.3		Holding Company RPTR Committee to function as the RPTR Committee of Subsidiary.	Compliant
9.2.4 Frequency of Meeting		The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	The Committee met 4 times during the financial year under review and the minutes of the Committee are tabled at Board Meetings.
9.3.1 Immediate Disclosures		<p>i. Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the total Assets of the Equity as per the latest Financial Statements.</p> <p>ii. Any subsequent Non-recurrent Transaction after it exceeds 5% of equity entered with the same related party.</p>	N/A
9.3.2 Disclosure in the Annual Report		<p>a. Non-recurrent Related Party Transactions</p> <p>b. Recurrent Related Party Transactions</p> <p>c. Report of the Related Party Transactions Review Committee</p> <p>d. An affirmative Statement by the Directors that they are in compliance with the rules pertaining to Related party transactions</p>	<p>Compliant.</p> <p>Compliant. Please refer page 74 to 75 of the Annual Report.</p> <p>Compliant</p> <p>Compliant. Refer RPTR Committee Report of the Annual Report.</p>

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 2016/2017 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 2016/2017 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 2016/2017 can be found in Note 7 to the Financial Statements.

Internal Control System

In 2016/2017 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.)

Ajit Jayaratne

Chairman of the Audit Committee

29th June 2017

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 is a fellow of the Association of Chartered Certified Accountants (ACCA), UK and an 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 the 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 and Office Equipment PLC. He is a former President of the ACCA Sri Lanka panel. He has over 20 years of experience in Senior Managerial positions in the private sector.

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 2016/2017 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.)

Ajit Jayaratne

Chairman of the Remuneration Committee

29th June 2017

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

Four Committee meetings were held during the financial year 2016/17. 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 36.

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.)

Ajit Jayaratne

Chairman - Related Party Transactions Review Committee

29th June 2017

Report of the Directors

The Directors have pleasure in presenting their 48th Annual Report of your Company together with the Audited Financial Statements for the year ended 31st March 2017.

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 3 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 8 to 9), Director/Chief Executive Officer's Review (pages 10 to 11) and Business Review and Marketing Strategy on pages 16 to 17. 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 2016/17 was Rs. 7.1 Bn (Rs. 6.6 Bn in 2015/16). The profit after tax of the Company and Investee for 2016/17 was Rs. 378.3 Mn (Rs. 498.7Mn in 2015/16), while the Company's profit after tax for 2016/17 was Rs. 376.4Mn (Rs.496.7 Mn in 2015/16).

Financial Statements and Auditors' Report

The Financial Statements duly signed by the Directors are provided on pages 50 to 81 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 contracts with Customers"

Sri Lanka Accounting Standards SLFRS 16 "Leases"

Dividends

The interim dividend of Rs.4/50 per share for the financial year ended 31st March 2016 amounting to Rs. 98.1 Mn was paid during the financial year 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 2017 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 83 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 43.

Board of Directors

The Board of Directors of the Company consists of six Directors throughout the financial year and their profiles are given on pages 12 to 13.

The Directors retiring by rotation in terms of Section 85 of Articles of Association will be Dr. Ranjith Cabral and Mr. Mahinda Saranapala who being eligible in terms of Section 86 of Articles of Association, is recommended for re-election.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 47 of this Annual Report.

Donations

Donations made by the Company during the year amounted to Rs. 30,700/- (31st March 2016 Rs. 82,241/-).

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 Valuation was carried out by an independent professional Valuer Mr. J. M. Senanayaka Bandara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31st March 2017. 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 34 to 40 of this Report.

Risk Management

The details of the significant risks identified by the Company and strategies and actions adopted in managing those are set out on pages 32 to 33 of this Report.

Directorate

The Board of Directors of the Company are given below and the profiles are given on pages 12 to 13 of this Report.

Mr. U.G.Madanayake - Chairman

Mr. Suren Madanayake - Deputy Chairman

Mrs. N.C.Madanayake

Dr. Bandula Perera

Dr. Ranjith Cabral

Mr. Mahinda Saranapala

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:

	No.of Shares		%Holding	
	2017	2016	2017	2016
As at 31st March				
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

Report of the Directors

Statutory Payments

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

Events After the Reporting Date

There are no material post reporting date events which require adjustments or disclosure in the Financial Statements.

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 22 to 31 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 22 to 24.

Capital Commitments and Contingent Liabilities

Detail of the Capital Commitments and Contingent Liabilities are disclosed on page 81 of the Annual Report.

Auditors

The Financial Statements for the period under review have been Audited by Messrs KPMG, Chartered Accountants. Rs. 638,091/- has been paid as Audit Fee for the year ended 31st March 2017.

Auditors relationship with the Company

Fees paid for other services in the capacity of an Auditor were Rs. 85,355/-. 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 10th August 2017.

The Report of the Independent Auditors' is given on page 49. The functions of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are given on pages 41 to 43 of this Report.

Notice of Meeting

The Notice of Meeting of the Annual General Meeting is given on page 86 of this Report.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
29th June 2017

Directors' Responsibility for Financial Reporting

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

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

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

The Financial Statements presented in the Annual Report for the year ended 31st March 2017, 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 2017 and Statements of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2017 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 2017.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

Colombo
29th June 2017

Financial Reports



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Independent Auditors' Report



KPMG
(Chartered Accountants)
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Internet : www.kpmg.com/lk

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 2017, 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 81 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 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- The basis of opinion and scope and limitations of the audit are as stated above.
- In our opinion, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

CHARTERED ACCOUNTANTS
29 June 2017

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		
Ms. C.T.K.N. Perera ACA		

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March	Note	Company and Investee		Company	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Revenue	5	7,122,783,962	6,619,776,295	7,122,783,962	6,619,776,295
Cost of sales		(5,987,288,964)	(5,317,427,456)	(5,987,288,964)	(5,317,427,456)
Gross profit		1,135,494,998	1,302,348,839	1,135,494,998	1,302,348,839
Other income	6	14,478,944	12,716,746	14,478,944	12,716,746
Change in fair value of investment property	14	22,750,000	23,000,000	22,750,000	23,000,000
Distribution expenses		(439,901,718)	(417,566,531)	(439,901,718)	(417,566,531)
Administrative expenses		(249,583,182)	(227,338,453)	(248,589,701)	(224,507,886)
Profit from operations	7	483,239,042	693,160,601	484,232,523	695,991,168
Net finance income/ (expense)	8	11,708,376	(17,368,937)	11,708,376	(17,368,937)
Share of profit on equity accounted investee net of taxes	16	2,889,870	4,830,361	-	-
Profit before tax		497,837,288	680,622,025	495,940,899	678,622,231
Income tax expense	9	(119,502,986)	(181,895,240)	(119,502,986)	(181,895,240)
Profit for the year		378,334,302	498,726,785	376,437,913	496,726,991
Other comprehensive income					
Actuarial gain on defined benefit plans		3,677,874	3,360,767	3,677,874	3,360,767
Equity accounted investee - Share of OCI		(2,214,454)	(2,197,960)	-	-
Tax on other comprehensive income		(88,790)	(621,361)	(88,790)	(621,361)
Total other comprehensive income for the year net of income tax		1,374,630	541,446	3,589,084	2,739,406
Total comprehensive income for the year		379,708,932	499,268,231	380,026,997	499,466,397
Earnings per share					
Basic earnings per share (Rs.)	10			17.27	22.79

The Notes to the Financial Statements from pages 54 to 81 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	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	663,112,135	679,381,144	663,112,135	679,381,144
Investment property	14	253,750,000	231,000,000	253,750,000	231,000,000
Investment in equity accounted investee	16	14,154,885	13,479,469	15,402,715	14,409,234
Total Non-Current Assets		931,017,020	923,860,613	932,264,850	924,790,378
Current Assets					
Inventories	17	1,648,221,958	1,299,620,252	1,648,221,958	1,299,620,252
Trade and other receivables	18	2,107,193,618	1,598,975,160	2,107,193,618	1,598,975,160
Amount due from related companies	19	41,854,000	41,854,000	41,854,000	41,854,000
Value added tax recoverable		246,915,539	127,746,354	246,915,539	127,746,354
Deposits and prepayments		10,438,325	9,956,018	10,438,325	9,956,018
Investment in Sri Lanka Development Bonds		164,143,800	489,035,300	164,143,800	489,035,300
Cash and cash equivalents	20	498,776,634	603,570,166	498,776,634	603,570,166
Total Current Assets		4,717,543,874	4,170,757,250	4,717,543,874	4,170,757,250
Total Assets		5,648,560,894	5,094,617,863	5,649,808,724	5,095,547,628
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	2,524,964,977	2,243,356,045	2,566,225,805	2,284,298,808
Total Equity		3,474,558,505	3,192,949,573	3,475,806,335	3,193,879,338
Non-Current Liabilities					
Employee benefits	25	83,311,661	83,681,977	83,311,661	83,681,977
Deferred taxation	26	58,976,789	72,968,586	58,976,789	72,968,586
Interest bearing borrowings	27	7,841,000	31,841,000	7,841,000	31,841,000
Total Non-Current Liabilities		150,129,450	188,491,563	150,129,450	188,491,563
Current Liabilities					
Trade payables	28	1,340,158,210	1,039,634,030	1,340,158,210	1,039,634,030
Other payables	29	189,604,819	152,369,808	189,604,819	152,369,808
Current taxation	30	254,627,512	359,327,044	254,627,512	359,327,044
Unclaimed dividends	31	11,102,821	8,670,493	11,102,821	8,670,493
Interest bearing borrowings	27	24,000,000	24,000,000	24,000,000	24,000,000
Bank overdrafts	20	204,379,577	129,175,352	204,379,577	129,175,352
Total Current Liabilities		2,023,872,939	1,713,176,727	2,023,872,939	1,713,176,727
Total Liabilities		2,174,002,389	1,901,668,290	2,174,002,389	1,901,668,290
Total Equity and Liabilities		5,648,560,894	5,094,617,863	5,649,808,724	5,095,547,628

The Notes to the Financial Statements from pages 54 to 81 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.



Hemamāla 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

29 June 2017

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 1 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	-	-	-	498,726,785	498,726,785
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 31 March 2016	218,000,000	300,457,528	431,136,000	2,243,356,045	3,192,949,573
Balance as at 1 April 2016	218,000,000	300,457,528	431,136,000	2,243,356,045	3,192,949,573
Comprehensive Income for the year					
Profit for the year	-	-	-	378,334,302	378,334,302
Other comprehensive income for the year	-	-	-	1,374,630	1,374,630
Total Comprehensive Income for the year	-	-	-	379,708,932	379,708,932
Interim dividend - 2015/16	-	-	-	(98,100,000)	(98,100,000)
Balance as at 31 March 2017	218,000,000	300,457,528	431,136,000	2,524,964,977	3,474,558,505

Company

	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 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	-	-	-	496,726,991	496,726,991
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 31 March 2016	218,000,000	260,444,530	431,136,000	2,284,298,808	3,193,879,338
Balance as at 1 April 2016	218,000,000	260,444,530	431,136,000	2,284,298,808	3,193,879,338
Comprehensive Income for the year					
Profit for the year	-	-	-	376,437,913	376,437,913
Other comprehensive income for the year	-	-	-	3,589,084	3,589,084
Total Comprehensive Income for the year	-	-	-	380,026,997	380,026,997
Interim dividend - 2015/16	-	-	-	(98,100,000)	(98,100,000)
Balance as at 31 March 2017	218,000,000	260,444,530	431,136,000	2,566,225,805	3,475,806,335

The Notes to the Financial Statements from pages 54 to 81 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flow

For the year ended 31 March,	Company and Investee		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash Flow From Operating Activities				
Profit before taxation	497,837,288	680,622,025	495,940,899	678,622,231
Adjustments for:				
Share of loss from equity accounted investee (net of tax)	(2,889,870)	(4,830,361)	-	-
Provision for the fall in value in investment in associate	-	-	(993,481)	(2,830,567)
Interest income	(30,710,236)	(17,011,725)	(30,710,236)	(17,011,725)
Interest expense	37,184,360	39,587,569	37,184,360	39,587,569
Revaluation gain on investment property	(22,750,000)	(23,000,000)	(22,750,000)	(23,000,000)
Depreciation of property, plant and equipment	78,223,373	79,831,951	78,223,373	79,831,951
Amortization of intangible assets	-	1,122,821	-	1,122,821
Impairment on CWIP	-	507,688	-	507,688
Impairment of obsolete inventories	20,658,117	16,786,098	20,658,117	16,786,098
Dividend Income	-	(93)	-	(93)
Gain on disposal of property, plant and equipment	(2,157,069)	(1,801,476)	(2,157,069)	(1,801,476)
Provision for employee benefits	15,753,550	14,652,408	15,753,550	14,652,408
Operating Profit before working capital changes	591,149,513	786,466,905	591,149,513	786,466,905
Changes in working capital				
Decrease/ (increase) in inventories	(369,259,823)	171,750,632	(369,259,823)	171,750,632
Decrease/ (increase) in trade and other receivables	(508,218,458)	219,456,755	(508,218,458)	219,456,755
Decrease in amount due from related companies	-	917,473	-	917,473
Decrease/ (increase) in deposits and prepayments and VAT	(119,651,492)	36,302,738	(119,651,492)	36,302,738
Increase in trade payables	300,524,180	74,404,898	300,524,180	74,404,898
Increase in other payables	37,235,011	21,552,328	37,235,011	21,552,328
Cash generated from/ (used in) operations	(68,221,069)	1,310,851,729	(68,221,069)	1,310,851,729
Gratuity paid	(12,445,992)	(3,915,395)	(12,445,992)	(3,915,395)
Current tax paid	(238,283,105)	(83,000,000)	(238,283,105)	(83,000,000)
Interest paid	(37,184,360)	(39,587,569)	(37,184,360)	(39,587,569)
Net Cash Generated from/ (used in) Operating Activities	(356,134,526)	1,184,348,765	(356,134,526)	1,184,348,765
Cash Flow from Investing Activities				
Proceeds from disposal of property, plant and equipment	5,180,180	1,976,301	5,180,180	1,976,301
Acquisition of property, plant and equipment	(64,977,475)	(45,716,716)	(64,977,475)	(45,716,716)
Cash received / (investment) in Sri Lanka Development Bonds	324,891,500	(489,035,300)	324,891,500	(489,035,300)
Interest received	30,710,236	17,011,725	30,710,236	17,011,725
Dividend income	-	93	-	93
Net Cash Generated from/ (used in) Investing Activities	295,804,441	(515,763,897)	295,804,441	(515,763,897)
Cash Flow from Financing Activities				
Dividend paid	(95,667,672)	(63,455,629)	(95,667,672)	(63,455,629)
Net loan repayment during the year	(24,000,000)	(424,000,000)	(24,000,000)	(424,000,000)
Net Cash used in Financing Activities	(119,667,672)	(487,455,629)	(119,667,672)	(487,455,629)
Net Increase/(Decrease) in Cash and Cash Equivalents	(179,997,757)	181,129,239	(179,997,757)	181,129,239
Cash and Cash Equivalents at beginning of the year	474,394,814	293,265,575	474,394,814	293,265,575
Cash and Cash Equivalents at the end of the Year (Note 20)	294,397,057	474,394,814	294,397,057	474,394,814

The Notes to the Financial Statements from pages 54 to 81 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 cables.

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

1.3. Number of Employees

The number of employees of the Company as at 31st March 2017 was 520 (2016 – 517).

1.4. Date of Authorization for Issue

The Financial Statements of the Company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 29 June 2017.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

2.2. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- Freehold Land and building are measured at revalued amounts;
- The defined benefit liability is recognized as the present value of the defined benefit obligation, plus 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 Comprehensive Income.

Notes to the Financial Statements

(a) Current Tax

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

(b) Deferred Tax

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

Deferred tax assets, including those related to temporary tax effect of income tax losses and credits available to be carried forward are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.4 Events occurring after the Reporting date

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

ASSETS AND BASES OF VALUATION

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

3.5 Property, Plant and Equipment

a) Cost and Valuation

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct 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 derecognition of the asset is included in the statement of comprehensive income the year the asset is derecognised.

c) Subsequent cost

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

d) Depreciation

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

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

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

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

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

e) Impairment of property, plant and equipment

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

3.6 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 annually by an independent valuer to ensure that the carrying amounts do not differ from the fair values at the Reporting date.

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

3.7 Investments in Associates

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

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.

Notes to the Financial Statements

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.

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;

- (a) quoted market prices in active markets for similar instruments,
- (b) quoted prices for identical or similar instruments in markets that are considered to be less active, or
- (c) 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.

Notes to the Financial Statements

3.11.2 Non-financial assets

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

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

Impairment losses are recognized in profit or loss.

LIABILITIES AND PROVISIONS

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

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

3.12 Non-derivative financial liabilities

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

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

Other liabilities

Other liabilities are stated at their cost.

3.13 Employee benefits

3.13.1 Short-term benefits

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

3.13.2 Defined contribution plans

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

Employee Provident Fund

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

Employees Trust Fund

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

3.13.3 Defined Benefit Plans

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

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

The liability is not externally funded nor actuarially valued.

Actuarial gains and losses

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

3.14 Provisions

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

3.15 Contingencies and capital commitments

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

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.

Notes to the Financial Statements

3.19 Earnings per share

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

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

3.20 Cash flow statement

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

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

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

4. NEW 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 for the Company from 01 April 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 Revenue, and LKAS 11 Construction Contracts. SLFRS 15 is effective for the Company from 01 April 2018.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 15.
SLFRS 16 – Leases	SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting. SLFRS 16 will become effective for the Company from 1st April 2019.	The Company is assessing the potential impact on its financial statements resulting from the application of SLFRS 16.

For the year ended 31 March,		Company and Investee / Company	
		2017	2016
		Rs.	Rs.
5. REVENUE			
Manufacturing and fabrication		5,414,901,703	5,177,737,338
Export sales		902,967,923	663,259,617
Trading		804,914,336	778,779,340
		7,122,783,962	6,619,776,295
6. OTHER INCOME			
Gain on disposal of property, plant and equipment		2,157,069	1,801,476
Dividend income		-	93
Scrap and sundry sales		11,663,775	10,064,363
Sundry income		658,100	850,814
		14,478,944	12,716,746
7. PROFIT FROM OPERATIONS			
Profit from operation is stated after charging all expenses including the following.			
Directors emoluments/fee		14,055,766	5,743,071
Auditors remuneration			
Statutory audit and audit related services		723,446	694,653
Depreciation on property, plant and equipment		78,223,373	79,831,951
Amortization of intangible assets		-	1,122,821
Provision for obsolete inventories		20,658,117	16,786,098
Inventory write off		2,372,546	2,649,519
Donations		30,700	82,241
Staff Costs - (Note 7.1)		519,548,128	472,879,653
Reversal of provision for the fall in value in investment in associate		(993,481)	(2,830,567)
7.1 Staff Cost			
Defined contribution plan cost-EPF,ETF		32,749,341	29,406,775
Defined benefit plan cost-Retiring gratuity		15,753,550	14,652,408
Staff cost other than above		471,045,237	428,820,470
		519,548,128	472,879,653
8. NET FINANCE INCOME/(EXPENSE)			
Finance Income			
Net gain on translation of foreign currency		18,182,500	5,206,907
Interest from foreign currency deposits		22,841,051	10,633,467
Interest from local currency deposits		4,266,605	3,674,490
Interest Income from loans granted to Holding- Company		3,602,580	2,703,768
		48,892,736	22,218,632
Finance Expenses			
Bank overdraft interest		(4,778,824)	(2,675,665)
Interest on bank loans		(5,529,087)	(15,470,367)
Interest on trade bills		(22,084,463)	(18,556,408)
Interest on distributor deposits		(4,791,986)	(2,885,129)
		(37,184,360)	(39,587,569)
Net Finance income/(expense)		11,708,376	(17,368,937)

Notes to the Financial Statements

For the year ended 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.

9. INCOME TAX EXPENSE

The charge for income tax expense is made up as follows.

Current tax expense - (Note 9.1)	135,020,230	194,665,621
Over provision in respect of prior years	(1,436,657)	-
Reversal of deferred tax liabilities	(14,113,447)	(10,144,590)
(Origination)/Reversal of deferred tax assets	32,860	(2,625,791)
	119,502,986	181,895,240

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%.

For the year ended 31 March,	Company	
	2017 Rs.	2016 Rs.

9.1 Reconciliation of Accounting Profit to Income Tax Expense

Profit before tax	495,940,899	678,622,231
Aggregate disallowable expenses	135,626,717	138,598,083
Aggregate allowable expenses	(64,557,126)	(46,113,542)
Income not liable for tax	(47,748,120)	(33,633,467)
Total statutory income	519,262,370	737,473,305
Less: deductions from assessable income	-	(16,000)
Taxable Income	519,262,370	737,457,305
Current tax charged at		
Concessionary rate of 12%	7,779,925	8,866,818
Standard rate of 28%	127,240,305	185,798,803
Current tax on current year profits	135,020,230	194,665,621

9.2 Recognition of deferred tax expenses in the Comprehensive Income

Profit or loss	(14,080,587)	(12,770,381)
Other comprehensive income	88,790	621,361
	(13,991,797)	(12,149,020)

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	
	2017 Rs.	2016 Rs.
Profit attributable to ordinary shareholders (Rs.)	376,437,913	496,726,991
Weighted average number of ordinary shares	21,800,000	21,800,000
Basic Earnings per share (Rs.)	17.27	22.79

- 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	
	2017 Rs.	2016 Rs.
Interim dividend declared - 2014/15	-	65,400,000
Interim dividend declared - 2015/16	98,100,000	-
	98,100,000	65,400,000
Gross dividend	98,100,000	65,400,000
Number of shares	21,800,000	21,800,000
Dividend per share	4.50	3.00

12. PROPERTY, PLANT AND EQUIPMENT

	Company and Investee / Company							Total 2017 Rs.	Total 2016 Rs.
	Freehold land Rs.	Buildings Rs.	Furniture, fittings and office equipment Rs.	Business Machines Rs.	Motor Vehicles Rs.	Plant, machinery, and electrical fittings Rs.	Capital work-in- progress Rs.		
Cost									
Balance as at 01 April	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
Additions during the year	-	-	888,568	982,440	9,837,965	18,759,462	34,509,040	64,977,475	45,716,716
Transfers during the year	-	8,805,727	-	-	1,503,660	19,922,100	(30,231,487)	-	-
Impairment on CWIP	-	-	-	-	-	-	-	-	(507,688)
Disposals during the year	-	-	-	-	(7,600,000)	-	-	(7,600,000)	(389,354)
Balance as at 31 March	266,000,000	209,514,554	23,293,215	42,100,769	90,770,604	601,285,796	6,705,160	1,239,670,098	1,182,292,623
Accumulated Depreciation									
Balance as at 01 April	-	28,348,091	16,090,075	32,329,074	54,103,160	372,041,079	-	502,911,479	423,294,057
Charge for the year	-	28,702,468	1,334,514	3,108,125	10,037,168	35,041,098	-	78,223,373	79,831,951
Disposals during the year	-	-	-	-	(4,576,889)	-	-	(4,576,889)	(214,529)
Balance as at 31 March	-	57,050,559	17,424,589	35,437,199	59,563,439	407,082,177	-	576,557,963	502,911,479
Carrying value									
As at 31 March 2017	266,000,000	152,463,995	5,868,626	6,663,570	31,207,165	194,203,619	6,705,160	663,112,135	
As at 31 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

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 Mahena Road, Siyambalape South, Siyambalape	31/03/15	06A. 02R. 01.50 P	248,500,000	89,442,506	159,057,494
		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 Mahena Road, Siyambalape South, Siyambalape	31/03/15	97,345 Sq.Ft	141,000,000	164,509,254	18,521,837
		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 & Building were incorporated in the Financial Statements on 31 March 2015. Such Assets were valued in an open market value for existing use basis, the surplus arising from the revaluation was transferred to the revaluation reserve.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (Contd.)

For the year ended 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.

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

Furniture, fittings and office equipment	10,996,102	9,411,866
Business machines	26,728,605	25,198,880
Motor vehicles	37,373,429	21,826,729
Plant machinery, and electrical fittings	150,213,670	81,806,272
	225,311,806	138,243,747

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 2017. 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.

For the year ended 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.

13. INTANGIBLE ASSETS

Computer Software

Cost

Balance as at the beginning of the year	5,822,751	5,822,751
Balance as at the end of the year	5,822,751	5,822,751

Amortization

Balance as at the beginning of the year	5,822,751	4,699,930
Amortized during the year	-	1,122,821
Balance as at the end of the year	5,822,751	5,822,751
Carrying value as at 31 March	-	-

14. INVESTMENT PROPERTY

Balance as at the beginning of the year	231,000,000	208,000,000
Change in fair value	22,750,000	23,000,000
Balance as at the end of the year	253,750,000	231,000,000

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 the land owned by the Company.

Location	Extent	Carrying value
Ekala	13A .00R .02P	253,750,000

14. INVESTMENT PROPERTY (Contd.)**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 the fair value basis using market evidence. The last valuation was carried out by a independent professional Valuer Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31 March 2017.

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	Revaluated amount of land	Revaluation gain recognized on land	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. 19,500,000/- Per acre	231,000,000	253,750,000	22,750,000	Price per perch for land	Estimated fair value would increase (decrease) of; Price per Perch of land (decreases)

15. INVESTMENT IN SUBSIDIARY

As at 31 March,	Company and Investee / Company			
	Company Holding	No. of Shares	2017 Rs.	2016 Rs.
Kelani Electrical Accessories (Pvt) Limited				
Ordinary share	100%	8	80	80
Provision for investment			(80)	(80)
			-	-

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

The Company has opted not to present consolidated financial statements since the 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	
	2017 Rs.	2016 Rs.
Investment in ACL-Kelani Magnet Wire (Private) Limited	51,200,000	51,200,000
Provision for impairment of the associate (Note 16.1)	(35,797,285)	(36,790,766)
	15,402,715	14,409,234
16.1 Provision for impairment of the associate		
Balance as at 1st April	36,790,766	39,621,333
Reversal for the year	(993,481)	(2,830,567)
Balance as at 31st March	35,797,285	36,790,766

Notes to the Financial Statements

16. INVESTMENT PROPERTY (Contd.)

16.1 Provision for impairment of the associate (Contd.)

The Board of Directors has assessed the potential impairment loss of Investment in Associate as at 31 March 2017. Based on the internal assessment share of investment in the associate, Company has made an impairment reversal of Rs.993,481 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 wires.

As at 31 March,	Company and Investee	
	2017 Rs.	2016 Rs.
16.2 Value of the investment		
Balance at the beginning of the year	13,479,469	10,847,068
Current years share of comprehensive income		
Included in Profit or loss (Note 16.2.1)	2,889,870	4,830,361
Included in Other Comprehensive Income (Note 16.2.2)	(2,214,454)	(2,197,960)
Included in comprehensive income (Note 16.4)	675,416	2,632,401
Investment in equity accounted investee	14,154,885	13,479,469
16.2.1 Included in Profit or loss		
Share of Profit before Tax	45,469	3,899,493
Share of Current year's Income Tax Charge	2,844,401	930,868
Share of Profit of Equity Accounted Investee, Net of Tax	2,889,870	4,830,361
16.2.2 Included in Other Comprehensive Income		
Share of Other Comprehensive Income before tax	1,065,837	(770,951)
Related Share of Deferred Tax	(3,280,291)	(1,427,009)
Share of Other Comprehensive Income of the Equity Accounted Investee, Net of Tax	(2,214,454)	(2,197,960)

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

As at 31 March,	Company and Investee	
	2017 Rs.	2016 Rs.
16.3 Carrying amount of interest in associate		
Percentage ownership interest	29.99%	29.99%
Financial Position of Equity Accounted Investee		
Non Current Assets	204,768,397	210,661,428
Current Assets	109,766,153	127,408,926
Non-Current Liabilities	(4,259,565)	(7,108,958)
Current Liabilities	(258,915,483)	(282,914,600)
Net assets (100%)	51,359,502	48,046,796
16.4 Company's share of net assets (29.99%)	15,402,715	14,409,234
Financial performance of equity accounted investee		
Revenue (100%)	69,619,930	68,896,227
Profit for the year, net of tax (100%)	9,636,113	16,106,571
Other comprehensive income (100%)	(7,383,976)	(7,328,976)
Comprehensive income (100%)	2,252,137	8,777,595
Company's 29.99% share of comprehensive income	675,416	2,632,401
Share of Comprehensive Income, Net of Tax	675,416	2,632,401

As at 31 March,		Company and Investee / Company	
		2017	2016
		Rs.	Rs.
17	INVENTORIES		
	Raw materials	341,178,231	190,291,769
	Work-in-progress	301,338,310	192,930,728
	Finished goods	872,566,813	742,479,124
	Consumable stocks	91,587,904	84,255,106
		1,606,671,258	1,209,956,727
	Impairment for obsolete Inventories (Note-17.1)	(92,239,440)	(71,581,323)
		1,514,431,818	1,138,375,404
	Goods in Transit	133,790,140	161,244,848
		1,648,221,958	1,299,620,252
17.1	Impairment for Obsolete Inventories		
	Balance as at the beginning of the year	71,581,323	54,795,225
	Provision for the year	20,658,117	16,786,098
	Balance as at the end of the year	92,239,440	71,581,323
18	TRADE AND OTHER RECEIVABLES		
	Trade receivables	2,044,898,174	1,530,060,009
	Trade receivables - Related parties		
	ACL Cables PLC	43,285,288	23,462,584
	ACL-Kelani Magnet Wire (Private) Limited	84,253,307	109,196,613
	ACL Plastics PLC	-	92,524
		2,172,436,769	1,662,811,730
	Provision for impairment of trade receivables (Note -18.1)	(86,955,591)	(87,845,948)
		2,085,481,178	1,574,965,782
	Staff Loans	5,268,220	3,462,931
	Other receivables	16,444,220	20,546,447
		2,107,193,618	1,598,975,160
18.1	Provision for impairment of trade receivables		
	Balance as at the beginning of the year	87,845,948	92,756,268
	Debts written-off	(890,357)	(4,910,320)
	Balance as at the end of the year	86,955,591	87,845,948
19	AMOUNT DUE FROM RELATED COMPANIES		
	ACL Cables PLC		
	Loan	41,854,000	41,854,000
		41,854,000	41,854,000

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

Notes to the Financial Statements

20 CASH AND CASH EQUIVALENTS

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Short term deposits	492,009,624	592,512,159
Cash in hand and at bank	6,767,010	11,058,007
Cash and cash equivalents	498,776,634	603,570,166
Bank overdrafts	(204,379,577)	(129,175,352)
Cash and cash equivalents in the statement of cash flows	294,397,057	474,394,814

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	
	2017 Rs.	2016 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		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 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	
	2017 Rs.	2016 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. GENERAL RESERVES (Contd.)**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		Company	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Balance at the beginning of the year	2,243,356,045	1,809,487,814	2,284,298,808	1,850,232,411
Profit for the year	378,334,302	498,726,785	376,437,913	496,726,991
Other Comprehensive income	1,374,630	541,446	3,589,084	2,739,406
Interim dividend declared during the year	(98,100,000)	(65,400,000)	(98,100,000)	(65,400,000)
Balance at the end of the year	2,524,964,977	2,243,356,045	2,566,225,805	2,284,298,808

25. EMPLOYEE BENEFITS**25.1 Defined contribution plans**

For the year ended 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.		
Employees' Provident Fund		
Employer's contribution	26,199,473	23,525,420
Employees' contribution	19,440,871	17,457,111
Employees' Trust Fund	6,549,868	5,881,355

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 31 March 2017 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M. Poopalanathan AIA of Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries. The valuation is performed on annually.

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Present value of unfunded obligation (Note 25.2.1)	83,311,661	83,681,977
Present value of funded obligation	-	-
	83,311,661	83,681,977

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

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Balance as at 1 April	83,681,977	76,305,731
Provision recognised during the year (Note 25.2.1.a)	15,753,550	14,652,408
Actuarial loss during the year (Note 25.2.1.b)	(3,677,874)	(3,360,767)
	95,757,653	87,597,372
Payments during the year	(12,445,992)	(3,915,395)
Balance as at 31 March	83,311,661	83,681,977

Notes to the Financial Statements

25. EMPLOYEE BENEFITS (Contd.)

25.2 Defined benefit plans - Provision for Employee Benefits (Contd.)

25.2.1.a Provision recognized in the Statement of Comprehensive Income

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Current Service Cost	6,966,942	7,021,835
Interest on Obligation	8,786,608	7,630,573
	15,753,550	14,652,408
25.2.1.b Provision recognized in the Statement of Other Comprehensive Income		
Actuarial gain during the year	(3,677,874)	(3,360,767)
	(3,677,874)	(3,360,767)
The expense is recognized in the following line items in the statement of comprehensive income		
Cost of sales	7,314,815	6,803,524
Distribution expenses	5,193,711	4,830,681
Administrative expenses	3,245,024	3,018,203
	15,753,550	14,652,408
25.3 Principal actuarial assumptions used		
(a) Discount Rate	12.0%	10.5%
(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

	Discount rate	Effect	Salary increment rate	Effect
2017				
Effect on defined benefit obligation liability				
Increase by 1%	13%	(4,153,007)	11%	4,988,130
Decrease by 1%	11%	4,580,660	9%	(4,590,036)
2016				
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)

26. DEFERRED TAXATION

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Deferred tax assets (Note 26.1)	24,762,413	24,795,273
Deferred tax liabilities (Note 26.2)	(83,739,202)	(97,763,859)
	(58,976,789)	(72,968,586)

26. DEFERRED TAXATION (Contd.)**26.1 Deferred tax assets**

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Balance as at the beginning of the year	24,795,273	22,169,482
Deferred tax asset originating/(reversal) during the year recognized in profit or loss	(32,860)	2,625,791
Balance as at the end of the year	24,762,413	24,795,273

26.2 Deferred tax liabilities

Balance as at the beginning of the year	97,763,859	107,287,088
Deferred tax liabilities originating during the year recognized in Other Comprehensive Income	88,790	621,361
Deferred tax liability reversal during the year recognized in profit or loss	(14,113,447)	(10,144,590)
Balance as at the end of the year	83,739,202	97,763,859

As at 31 March,	Statement of Financial Position				Profit or loss		Other Comprehensive Income	
	2017		2016		2017	2016	2017	2016
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability								
Property, Plant and Equipment	295,390,705	82,709,397	345,795,874	96,822,844	(14,113,447)	(10,144,590)	-	-
Actuarial gain on employee benefits	3,677,874	1,029,805	3,360,767	941,015	-	-	88,790	621,361
		83,739,202		97,763,859	(14,113,447)	(10,144,590)	88,790	621,361
Deferred Tax Assets								
Employee Benefits	86,989,535	24,357,070	87,042,744	24,371,968	(14,898)	2,686,709	-	-
Provision for PILESIS	1,447,652	405,343	1,511,805	423,305	(17,962)	(60,918)	-	-
		24,762,413		24,795,273	(32,860)	2,625,791	-	-
		58,976,789		72,968,586	(14,080,587)	(12,770,381)	88,790	621,361

27 INTEREST BEARING BORROWINGS

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Balance at the beginning of the year	55,841,000	479,841,000
Loan obtained during the year	55,000,000	950,000,000
Loan repayment during the year	(79,000,000)	(1,374,000,000)
Balance at the end of the year	31,841,000	55,841,000
Amount payable within one year	24,000,000	24,000,000
Amount payable after one year	7,841,000	31,841,000
	31,841,000	55,841,000

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

Notes to the Financial Statements

28 TRADE PAYABLES

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Trade payables	156,313,279	177,352,013
Bills payable	742,433,515	405,247,436
Trade payables - Related parties		
ACL Cables PLC	101,426,622	36,638,362
ACL Plastics PLC	167,774,368	198,511,052
ACL -Kelani Magnet Wire (Private) Limited	4,632,530	-
ACL Metals & Alloys Pvt Ltd	48,744,625	28,093,492
Ceylon Copper (Pvt) Ltd.	91,799,468	175,158,178
ACL Electric (Pvt) Ltd	2,065,125	4,820,277
S M Lighting (Private) Ltd	24,968,678	13,813,220
	441,411,416	457,034,581
	1,340,158,210	1,039,634,030

29 OTHER PAYABLES

Accrued charges	69,907,668	41,314,521
Nation Building Tax payable	3,158,775	3,842,724
Distributors' deposits	51,215,216	44,039,358
Advance from debtors	35,234,991	31,809,111
Other payables	30,088,169	31,364,094
	189,604,819	152,369,808

30 CURRENT TAXATION

Balance as at the beginning of the year	359,327,044	247,661,423
Provision on current years profit	135,020,230	194,665,621
Over provision in respect of prior years	(1,436,657)	-
Payments made during the year	(238,283,105)	(83,000,000)
Balance at the end of the year	254,627,512	359,327,044

31 UNCLAIMED DIVIDENDS

As at 31 March,	Company and Investee / Company	
	2017 Rs.	2016 Rs.
Balance as at the beginning of the year	8,670,493	6,726,122
Dividend declared	98,100,000	65,400,000
Payments during the year	(95,667,672)	(63,455,629)
Balance as at the end of the year	11,102,821	8,670,493

32 RELATED PARTY TRANSACTIONS

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

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

32 RELATED PARTY TRANSACTIONS (Contd.)
32.1 Key management personnel information (Contd.)

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

For the year ended 31 March,

	2017 Rs.	2016 Rs.
Short term employee benefits/Fee	14,055,766	5,743,071
Post employment benefits	-	-

32.2 Transactions with Related Companies

Company	Relationship	Nature of transaction	Transaction amount 2017 Rs.	Transaction amount 2016 Rs.
ACL Cables PLC	Ultimate parent company	Interest income on loan granted	3,602,580	2,703,768
		Interest received in cash	(3,602,580)	(3,947,878)
		Bills Charged	(899,561)	(99,862)
		Settlements during the year	899,561	426,462
		Sale of goods (Gross)	103,561,366	203,226,290
		Settlements during the year	(83,738,662)	(239,069,578)
		Purchase of finished goods (Gross)	(983,443,012)	(899,763,748)
		Settlements during the year	918,654,751	976,674,944
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	Purchase of Raw Materials (Gross)	(706,125,624)	(650,242,838)
		Settlements during the year	736,862,308	535,934,005
		Sale of Finished goods (Gross)	280,429	50,901
		Settlements during the year	(372,953)	(6,233)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	Sale of finished goods and raw-materials (Gross)/ (Returns)	-	(8,362,041)
		Settlements during the year	(24,943,037)	(99,472,979)
		Purchase of finished goods and raw-materials (Gross)	-	(41,098,425)
		Drawing Charges	(23,091,744)	(22,426,365)
		Settlements during the year	18,459,213	99,473,409
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	Purchase of Raw Materials (Gross)	(117,931,813)	(60,293,515)
		Settlements during the year	97,280,679	110,941,338
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials (Gross)	(399,818,087)	(512,048,272)
		Settlements during the year	483,176,797	374,149,939
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Sale of finished goods (gross)	32,149	10,248
		Settlements during the year	(32,149)	(10,248)
		Purchase of finished goods (Gross)	(10,328,017)	(7,509,457)
		Settlements during the year	13,083,169	2,703,235
Lanka Olex Cables (Private) Ltd	Immediate parent company	Interim dividend payment 2014/15-Rs.3/00 per share	-	49,048,044
		Interim dividend payment 2015/16-Rs.4/50 per share	73,572,066	-
S. M. Lighting (Private) Ltd.	Related through KMP	Purchase of finished goods (gross)	(207,246,564)	(157,118,800)
		Settlements during the year	196,091,106	161,369,411

Also refer Note 18,19 and 28.

Notes to the Financial Statements

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,	2017 Rs.	2016 Rs.
Trade and other receivables	2,107,193,618	1,598,975,160
Amount due from related companies	41,854,000	41,854,000
Deposits	169,210	164,710
Cash and cash equivalents	498,776,634	603,570,166
	2,647,993,462	2,244,564,036

Age Analysis of Trade Receivables after Provision for Impairment

As at 31st March,	2017 Rs.	2016 Rs.
Less than 30 days	638,246,597	509,859,494
Between 31 days - 60 days	618,634,267	439,703,429
Between 61 days - 90 days	393,887,556	262,651,900
Between 91 days - 180 days	250,267,066	211,778,545
Between 181 days - 365 days	66,497,716	51,590,296
More than 365 days	204,903,567	187,228,067
Gross trade receivables	2,172,436,769	1,662,811,730
Provision for impairment	(86,955,591)	(87,845,948)
Net trade receivables	2,085,481,178	1,574,965,782

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.

As at 31st March 2017

As at 31st March 2017			Contractual cash flows (Rs.)			
	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	31,841,000	31,841,000	6,000,000	18,000,000	7,841,000	
Bank overdraft	204,379,577	204,379,577	204,379,577		-	-
Trade and other payables	1,529,763,029	1,529,763,029	1,189,546,624	340,216,405	-	

As at 31st March 2016

As at 31st March 2016			Contractual cash flows (Rs.)			
	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	-	

Notes to the Financial Statements

33 FINANCIAL RISK MANAGEMENT (Contd.)

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 31 March 2017

	On demand	0 -30 days	30 -60 days	60 -90 days	90-180 days	180-365 days	More than 365 days	Total
Trade payables	-	665,327,009	232,028,654	145,415,340	297,387,207	-	-	1,340,158,210
Other payables	58,538,684	82,612,701	1,061,867	4,029,867	13,277,698	30,084,002	-	189,604,819
Unclaimed dividends	11,102,821	-	-	-	-	-	-	11,102,821
Interest bearing borrowings	-	2,000,000	2,000,000	2,000,000	6,000,000	12,000,000	7,841,000	31,841,000
Bank overdrafts	204,379,577	-	-	-	-	-	-	204,379,577
	274,021,082	749,939,710	235,090,521	151,445,207	316,664,905	42,084,002	7,841,000	1,777,086,427

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

	On demand	0 -30 days	30 -60 days	60 -90 days	90-180 days	180-365 days	More than 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	31,841,000	55,841,000
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	31,841,000	1,385,690,683

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.

33 FINANCIAL RISK MANAGEMENT (Contd.)**33.3 Market risk (Contd.)****33.3.1 Foreign exchange risk (Contd.)**

	Average rate 2017	2016	Reporting date spot rate 31-Mar-17	31-Mar-16
USD	148.17	139.58	151.99	144.69

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 2017.

As at 31 March,	Effect on profit or loss	
	2017	2016
LKR depreciated against USD by 5%	(11,844,638)	(11,057,720)
LKR appreciated against USD by 5%	11,844,638	11,057,720

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,

	2017	2016
Fixed rate instruments		
Financial assets		
- Investment in Sri Lanka Development Bonds	164,143,800	489,035,300
- Short term deposits	492,009,624	592,512,159
Financial liabilities		
- Bank overdraft	(204,379,577)	(129,175,352)
- Short term loans	-	-
Variable rate instruments		
Financial liabilities		
- Interest bearing borrowings	(31,841,000)	(55,841,000)

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.

Notes to the Financial Statements

33 FINANCIAL RISK MANAGEMENT (Contd.)

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 carries at fair value

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

	2017 Carrying Amount LKR	Fair Value LKR	2016 Carrying Amount LKR	Fair Value LKR
Loans and receivables				
Short term deposits	492,009,624	492,009,624	592,512,159	592,512,159
Investments	164,143,800	164,143,800	489,035,300	489,035,300
Trade and other receivables	2,107,193,618	2,107,193,618	1,598,975,160	1,598,975,160
Amount due from related parties	41,854,000	41,854,000	41,854,000	41,854,000
Cash in hand cash at bank	6,767,010	6,767,010	11,058,007	11,058,007
	2,811,968,052	2,811,968,052	2,733,434,626	2,733,434,626
Financial liabilities				
Trade payable	1,340,158,210	1,340,158,210	1,039,634,030	1,039,634,030
Other payables	189,604,819	189,604,819	152,369,808	152,369,808
Unclaimed Dividend	11,102,821	11,102,821	8,670,493	8,670,493
Interest bearing borrowings	31,841,000	31,841,000	55,841,000	55,841,000
Bank overdrafts	204,379,577	204,379,577	129,175,352	129,175,352
	1,777,086,427	1,777,086,427	1,385,690,683	1,385,690,683

34 FAIR VALUES OF FINANCIAL INSTRUMENTS (Contd.)**34.2 Valuation of financial assets and liabilities not carries at fair value (Contd.)****34.2.1 Short term deposits**

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

34.2.2 Other financial assets

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

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

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

34.2.3 Financial liabilities

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

35 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.

	2017 Rs.	2016 Rs.
Approximate amount approved but not contracted for	15,659,951	40,410,926

There are no operating lease commitments as at reporting date

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

36 CONTINGENT LIABILITY**Guarantees**

The contingent liability as at 31 March, 2017 on guarantees given to third parties amounted to Rs. 123,985,782 (2016 - Rs. 82,752,048/-)

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

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

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.

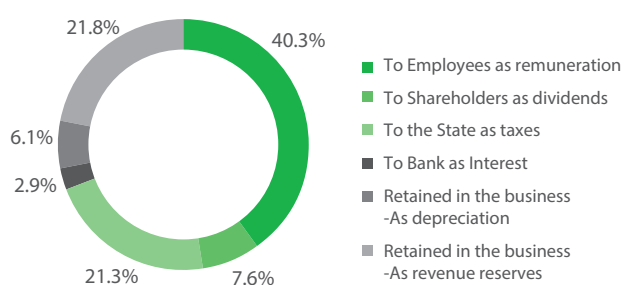
Statement of Value Addition

	Company and Investee		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Turnover	7,122,784	6,619,776	7,122,784	6,619,776
Other operating & interest income	86,122	57,935	86,122	57,935
	7,208,906	6,677,712	7,208,906	6,677,712
Less:				
Cost of material & services purchased	5,921,613	5,239,837	5,923,510	5,241,837
Value added	1,287,292	1,437,875	1,285,396	1,435,875
Value addition as percentage on turnover	18.1%	21.7%	18.0%	21.7%

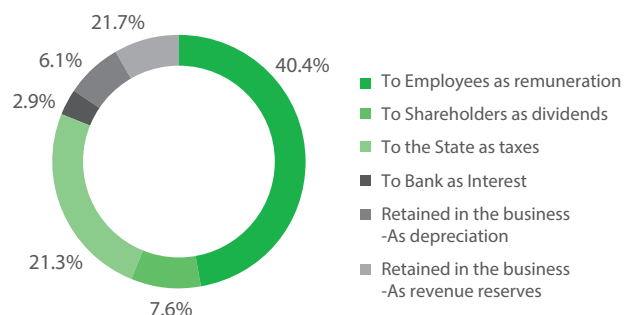
	Company and Investee				Company			
	2017 Rs'000	As a % of Total	2016 Rs'000	As a % of Total	2017 Rs'000	As a % of Total	2016 Rs'000	As a % of Total
To Employees as remuneration	519,548	40.3%	472,880	32.9%	519,548	40.4%	472,880	32.9%
To Shareholders as dividends	98,100	7.6%	65,400	4.5%	98,100	7.6%	65,400	4.6%
To the State as taxes	274,002	21.3%	346,849	24.1%	274,002	21.3%	346,849	24.2%
To Bank as Interest	37,184	2.9%	39,588	2.8%	37,184	2.9%	39,588	2.8%
Retained in the business					-			
- As depreciation	78,223	6.1%	79,832	5.6%	78,223	6.1%	79,832	5.6%
- As revenue reserves	280,234	21.8%	433,327	30.1%	278,338	21.7%	431,327	30.0%
	1,287,292		1,437,875		1,285,396		1,435,875	

Distribution of Value Addition 2017

Company and Investee



Company



Investors' information

DISTRIBUTION OF SHAREHOLDING - MARCH 31, 2017

Range	No of Holders	Total Holding	% Holding
up to 1000	770	198,210	0.9%
1,001 - 5,000	218	569,900	2.6%
5,001 - 10,000	57	456,786	2.1%
10,001 - 50,000	67	1,360,053	6.2%
50,001 - 100,000	7	482,683	2.2%
100,001 - 500,000	6	1,449,264	6.7%
500,001 - 1,000,000	1	933,756	4.3%
over 1,000,000	1	16,349,348	75.0%
	1127	21,800,000	

Twenty Largest Shareholders as at 31st March	Company and Investee		Company	
	2017		2016	
	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 Deutsche Bank AG As Trustee to Candor opportunities	357,656	1.6%	85,000	0.4%
4 Bank of Ceylon-No 2 A/c	323,800	1.5%	323,800	1.5%
5 National Industries Group (Holdings) (S.A.K)	275,000	1.3%	250,000	1.1%
6 Deutsche Bank AG As Trustee to Amana Candor	270,000	1.2%	-	0.0%
7 Deutsche Bank AG As Trustee to Candor Growth	119,308	0.5%	119,308	0.5%
8 Thaha I. M.	103,500	0.5%	103,500	0.5%
9 Employees Trust Fund Board	95,567	0.4%	378,566	1.7%
10 Waldock Mackenzie Ltd/Ceylinco Shriram Capital Management	76,600	0.4%	76,600	0.4%
11 People's Leasing & Finance PLC/L. P. Hapangama	74,699	0.3%	34,845	0.2%
12 Goonesekera C. D. M. (Mrs)	62,500	0.3%	62,500	0.3%
13 Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
14 Madanayake U.G.	56,200	0.3%	56,200	0.3%
15 De Silva C.P.	56,117	0.3%	-	0.0%
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%	40,000	0.2%
20 Waldock Mackenzie Ltd/Dr. H. S. D. Soysa	38,140	0.2%	24,640	0.1%

	No. of Shares	% Holding	No. of Share holders
Share held by public as at 31st March 2017	4,399,696	20.2%	1123
Share held by public as at 31st March 2016	4,399,696	20.2%	1090

	2017	2016
Market Value Per Share		
At the Year End	117.50	112.50
Highest Value during the Year	145.00	132.00
Lowest Value during the Year	101.00	80.10
Earnings per Share (EPS)- Rs.	17.27	22.79
Net Asset per Share	159.38	146.47
Dividend Per Share (DPS) -Rs.	4.50	3.00
Dividend Yield	0.04	0.03
Price Earnings Ratio	6.80	4.94
No. of Transactions	1590	1803
No. of Share Traded	1,343,993	2,097,565
Total Turnover (Rs.)	154,443,410	231,600,836
Market Capitalisation (Rs.)	2,561,500,000	2,452,500,000
Percentage of shares held by the public	20.2%	20.2%

Decade at a Glance (Company & Investee)

TRADING RESULTS

Year ended 31 March	2017	2016	2015	2014	2013	2012	2011	2010	2009	Rs. '000 2008
Turnover	7,122,784	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
Gross Profit	1,135,495	1,302,349	1,022,926	866,439	717,357	798,558	616,514	695,429	468,715	514,636
Earnings Before Interest & Tax	535,022	720,210	500,627	351,904	317,254	423,030	265,494	314,479	208,049	251,759
Finance Cost	(37,184)	(39,588)	(55,581)	(41,255)	(36,952)	(37,381)	(47,190)	(35,019)	(72,988)	(63,040)
Profit before Tax	497,837	680,622	445,045	310,649	280,302	385,649	218,304	279,460	135,061	188,719
Taxation	(119,503)	(181,895)	(118,944)	(95,564)	(79,951)	(104,958)	(84,571)	(139,783)	(40,093)	(68,034)
Profit After Taxation	378,334	498,727	326,101	215,085	200,351	280,692	133,733	139,678	94,968	120,685

BALANCE SHEET

As at 31 March	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	300,458	177,009	177,009	177,009	143,063	121,977	114,013	114,013
General Reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136
Retained Earnings	2,524,965	2,243,356	1,809,488	1,515,234	1,336,785	1,158,234	921,142	746,609	650,532	578,387
	3,474,559	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
Property, Plant & Equipment	663,112	679,381	714,179	588,800	512,733	462,152	429,906	340,294	331,192	290,324
Intangible Assets	-	-	1,123	-	-	-	-	-	-	-
Investments	14,155	13,479	10,847	10,409	28,335	32,451	31,154	9,512	31,963	30,081
Investment property	253,750	231,000	208,000	130,000	130,000	130,000	125,000	120,000	120,000	104,000
Current Assets	4,717,544	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
Current Liabilities	(2,023,873)	(1,713,177)	(1,895,058)	(1,339,731)	(1,450,733)	(817,253)	(1,087,770)	(1,022,431)	(506,700)	(979,546)
Long Term Liabilities	(150,129)	(188,492)	(217,264)	(191,748)	(104,819)	(92,183)	(80,595)	(59,518)	(47,648)	(51,925)
	3,474,559	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

Ratios

Gross Margin	15.9%	19.7%	16.5%	16.6%	15.7%	18.4%	16.1%	20.9%	16.6%	16.5%
Net Margin	5.3%	7.5%	5.3%	4.1%	4.4%	6.5%	3.5%	4.2%	3.4%	3.9%
Return of Investment (ROI)	15.4%	22.6%	18.1%	15.0%	14.7%	21.3%	15.5%	20.7%	14.7%	18.8%
Return of Average Equity	11.3%	16.8%	12.8%	9.6%	9.7%	15.2%	8.3%	9.5%	6.9%	9.2%
Assets Turnover	2.0	2.1	2.2	2.2	2.1	2.2	2.2	2.2	2.0	2.3
Working capital turnover	2.6	2.7	3.0	2.9	2.9	3.0	3.2	3.0	2.9	3.2
Current Ratio	2.3	2.4	2.1	2.3	2.1	2.8	2.1	2.1	2.9	2.0
Net Asset Per Share	159.38	146.47	126.56	107.40	99.22	91.03	78.59	69.62	64.85	61.54
Dividend Per Share (DPS) -Rs.	4.50	3.00	1.50	1.50	1.00	1.50	1.25	1.00	1.00	2.25
Earnings per Share (EPS)-Rs.	17.27	22.79	14.78	10.46	9.19	12.88	6.13	6.41	4.36	5.54
Market Price per Share-End Rs.	117.50	112.50	80.00	80.00	64.10	67.00	95.30	114.50	49.75	95.25
Dividend Yield (%)	0.04	0.03	0.02	0.02	0.02	0.02	0.01	0.01	0.02	0.02
Price Earnings Ratio	6.80	4.94	5.41	7.65	6.97	5.20	15.53	17.87	11.42	17.21

Glossary of Financial Terms

Capital Employed

Shareholders' Funds plus Minority Interest and Debt.

Cash equivalents

Liquid investments with original maturity periods of three months or less

Current Ratio

Current Assets divided by Current Liabilities.

Deferred Taxation

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

Dividend Yield

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

Dividend per Share

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

Earnings per Share

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

EBIT

Earnings before Interest, Tax (Including Operating Income)

Equity Accounted Investee

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

Market Capitalisation

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

Net Assets

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

Net Assets per Share

Net Assets over number of Ordinary Shares in issue.

Net Margin

Profit after Tax divided by Turnover

Price Earnings Ratio

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

Quick Ratio

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

Related Parties

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

Return of Average Equity

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

Revenue Reserves

Reserves considered as being available for distributions and investment.

Value Addition

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

Working capital

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

Notice of Meeting

NOTICE IS HEREBY GIVEN that, the Forty Eighth Annual General Meeting of Kelani Cables PLC will be held on 10th August 2017, 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 2017 with the Report of the Auditors thereon.
- (ii) To re-elect as Directors, Dr. Ranjith Cabral and Mr. Mahinda Saranapala, who retire by rotation in terms of Article 85 and being eligible for re-election in terms of Article 86, of the Articles of Association of the Company.
- (iii) To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorize the Directors to determine their remuneration.
- (iv) To consider and if thought fit to pass the following Ordinary Resolutions, of which special notice has been given by two Shareholders of the Company.
 - a) "That Mr. U G Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"
 - b) "That Mrs. N.C. Madanayake, who has passed the age of 70 years in August 2013, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007, shall not apply to her"
 - c) "That Dr. Ranjith Cabral, who has passed the age of 70 years in April 2012, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"
 - 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. 07 of 2007, shall not apply to him"
 - e) "That Mr. Mahinda Saranapala, who has passed the age of 70 years in October 2016, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007, shall not apply to him"
- (v) To authorise the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd

Secretaries

29th June 2017

NOTE:

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

Form of Proxy

I/we of
 being a shareholder/ shareholders
 of 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 10th August 2017 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 2017 with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2	(i) To re-elect as Director, Dr. Ranjith Cabral, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
	(ii) To re-elect as Director, Mr. Mahinda Saranapala, who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4	Ordinary Resolution relating to the appointment of Mr. U.G. Madanayake in terms of Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
5	Ordinary Resolution relating to the appointment of Mrs. N.C. Madanayake in terms of Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
6	Ordinary Resolution relating to the appointment of Dr. Ranjith Cabral in terms of Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
7	Ordinary Resolution relating to the appointment of Dr. Bandula Perera in terms Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
8	Ordinary Resolution relating to the appointment of Mr. Mahinda Saranapala in terms Section 210 & 211 of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
9	To authorise Directors to determine donations to charity.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2017

.....
 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 Eighth 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,
Sri Lanka
Tel: +94 11 7608300, +94 11 2697652
Fax: +94 11 2667758, +94 11 2699503

Principle Place of Business

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

Corporate Website

www.kelanicables.com

Board of Directors

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

Company Secretaries

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

Auditors

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

Bankers

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

Designed & produced by

emagewise

Digital Plates & Printing by
Printage (Pvt) Ltd



www.kelanicables.com

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