50th

ANNIVERSARY

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KELANI CABLES

Annual Report 2018/19

Contents

Financial Reports

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www.kelanicables.com

50th ANNIVERSARY

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As a uniquely Sri Lankan corporate, at Kelani Cables we've spent the past 50 years hard at work to create, develop and refine the unrivalled portfolio of products we now offer to diverse customers both local and overseas.

Strengthened by our rich history, today we are gearing ourselves for the future, advancing in the face of adversity to build an organization that is resilient and enduring. This report focuses on our journey through the years - one in which we have maintained our momentum, striving towards our goal of achieving 50 years of excellence in all areas of our operations, and exceeding stakeholder expectations in all we do.

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 acquired by 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.

System and Product Certifications and 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

2017
- The World Class Global Performance Excellence Awards
- Gold Award, Industry Sector of National Chamber of Export awards
- SLIM brand excellence awards - B2B brand of the year Gold award

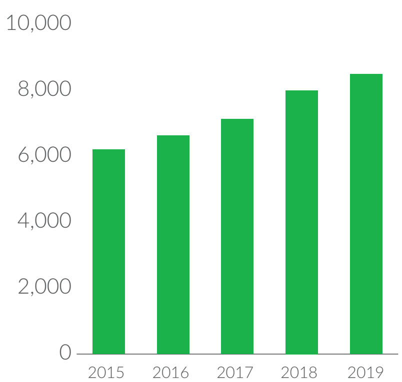
2018
- SLIM brand excellence awards - B2B brand of the year Silver award
- SLIM brand excellence awards - CSR brand of the year Silver award

Financial Highlights

For the year ended 31 March,		2019	2018
Revenue	Rs. Mn	8,492	7,994
Gross profit	Rs. Mn	1,165	1,006
Profit before tax	Rs. Mn	329	252
Profit after tax	Rs. Mn	232	185
Net assets	Rs. Mn	3,685	3,687
Net assets per share	Rs.	169.05	169.13
Earnings per share (EPS)	Rs.	10.31	9.03
Return of investment (ROI)	%	12.2	8.8
Market price per share (End)	Rs.	67.40	93.00

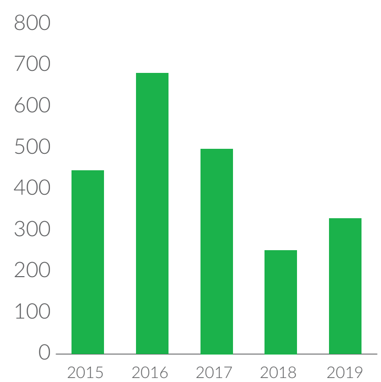
Revenue

Rs. (Mn)



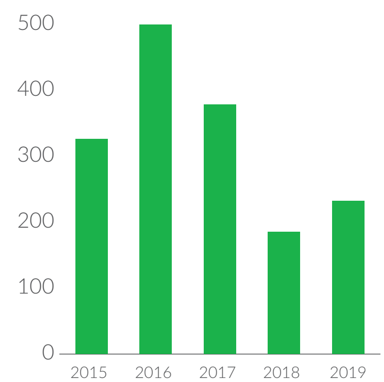
Profit before tax

Rs. (Mn)



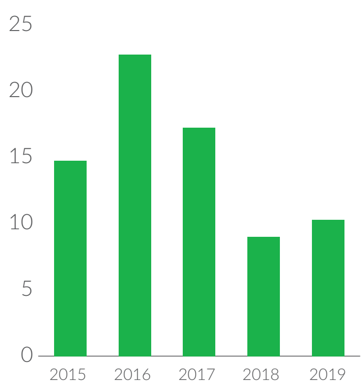
Profit after tax

Rs. (Mn)



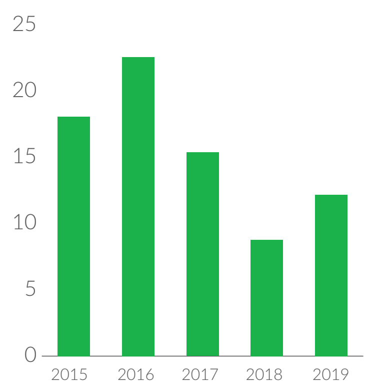
Earnings per share

Rs.



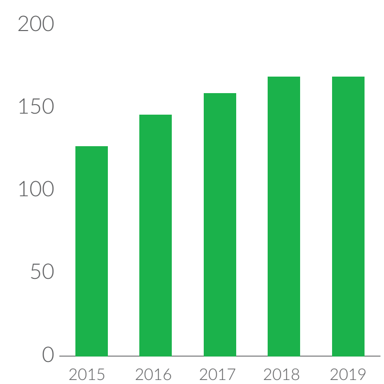
Return on investment

%



Net assets per share

Rs.



Milestones

1969

The company was established as Cylon Non Ferrous Metal Industries Private Limited, with a single extruder in the basement of the Kiribathgoda YMBA by the Wijegoonawardena Family in 1969.

1970

The company was listed on the Colombo Stock Exchange as Ceylon Non Ferrous Metal Industries Limited, with products under the brand name "Kelani Cables". Operations were shifted to Wewelduwa, Kelaniya and expanded the capacity and the product range.

In 1973 the name of the company was changed to Kelani Cables Limited, and listed on the Colombo Stock Exchange as a public quoted Company, as a manufacturer of power cables and enameled winding wire in Sri Lanka.

1980

In 1981 Company obtained SLS certification for their products, becoming the first local Cable manufacturer to be awarded both SLS 40 and SLS 750 Certification for PVC Cables and All Aluminium Conductors (AAC) respectively.
Kelani Cables was also awarded SLS 1143 & SLS 412 Product Certification.
Company further expanded the operations by adding new machines to accommodate 19, 37 and 61 strand conductors.

1990

2000

In 2003 Mr. Hemantha Perera's appionment to the company as the Managing Director facilitated their vision in expanding the overall operation and empowerment of the most valuable asset, human resources of the company.

In 2004 Kelani "Keldual" enameled winding wire was approved by Underwriters Laboratories (UL) of U.S.A. the world recognized component/equipments marking laboratory. This certification has opened gates for Kelani products to enter the European market without any restrictions.
Mr. Mahinda Saranapala was appointed as the consultant to the company on 5S concepts and he was instrumental in the company in winning the Taiki Akimoto 5S Awards, All island 1st runners up in 2006 and "Overall Gold award winner" and "Gold award winner - Manufacturing sector" in 2007.

2018

In 2011 Mr Mahinda Saranapala was appointed as the Chief Executive Officer and in December 2015 he was appointed to the Board of Directors.
We won ASIA PACIFIC QUALITY ORGANIZATION (APQO) - WORLD CLASS AWARD FOR GLOBAL PERFORMANCE EXCELLENCE 2017, The GOLD award for Exports in the large industrial sector 2017 conducted by the National Chamber of Exporters and GOLD award for the B2B category SLIM BRAND EXCELLENCE 2017 .

In 2017 company obtained ISO 9001 : 2015 and ISO 14001 : 2015 Certifications.

As of 2018 Kelani Cables products are exported to 8 countries We offer electric cables and a wide range of electrical accessories to suit various requirements of our customers. We offer Breakers, contactors and MCCBs under Schneider brand, fans from Havells india, insulation tape from U-gear, Taiwan, bulbs LED and solar lamps from S M Lighting.

2010

In 1991 capacity of the Enamel winding wire plant was enhanced significantly adding a new machine with advance technology to cater to overseas markets.

In 1995 the company became a subsidiary of Australian Multinational, Pacific Dunlop Cables Group of Australia and DFCC Bank. As part of the expansion strategy training on advanced technology was given in their manufacturing plants in other countries.

In 1999 when Pacific Dunlop divested their cable operations, the major stake in the company was acquired by ACL Cables Ltd
Under the visionary leadership of the Chairman Mr. Upali Madanayake and the Deputy Chairman Mr. Suren Madanayake got the opportunity for expansion and knowledge sharing.

For the first time in the industry, Kelani Cables obtained ISO 9001 certification. The products undergo intensive international benchmark testing before they are ready for use at our cutting-edge laboratory. The power and telecommunication cables manufactured by the company carry the Sri Lanka Standards (SLS) certification. The cables are subject to intensive testing according to international standards BS, IEC, JIS, IS & SLS before being released to the market.

Chairman's Review

Your Company celebrated 50 years of service to the nation on 27 January 2019.

It gives me great pleasure to present our Annual Report and Audited Accounts to our valued stakeholders and to announce that Kelani Cables continued to sustain commendable growth ensuring, consistent shareholder value, despite a number of domestic and international factors that adversely affected our operations.

Your Company has achieved a sales turnover of Rs 8.492 billion surpassing last year's performance. We had to face political and economic turbulence due to uncertainties that prevailed during the year.

FINANCIAL PERFORMANCE

	2018/19 Rs. Mn	2017/18 Rs. Mn	Growth Rs. Mn	%
Turnover	8,492	7,994	498	6.2
Gross Profit	1,165	1,006	159	15.8
PBT	329	252	77	30.5
Net Profit	232	185	47	25.4

EXPANSION PROGRAM

Installed new machines under the capacity enhancement program to support the market requirements and to ensure our market share is sustained.

SALES & MARKETING

The sales team has performed well despite competition in the local market. Distribution, Projects and Exports have grown compared to last year. Kelani Lighting has improved the sales compared to last year and new products including LED bulbs were introduced.

Trading items has grown remarkably compared to last year. Kelani Breezer Ceiling Fan was launched in November 2018 and fared well.

50 YEAR ANNIVERSARY

Your Company celebrated 50 years of service to the nation on 27 January 2019.

SHARE PERFORMANCE

	2019 Rs.	2018 Rs.
Market Value Per Share		
At the Year End	67.40	93.00
Highest Value during the Year	100.00	129.00
Lowest Value during the Year	67.10	86.00

OUR ACHIEVEMENTS

We continue to adhere to good manufacturing practices including the Quality Management System with regular audits. The 5S, Kaizen initiatives are actively practiced to enhance our productivity and to maintain a safe working environment.

We were recognized at the SLIM BRAND EXCELLENCE 2018 with a silver award for the B2B category. In the Corporate Social Responsibility (CSR) competition we won a silver award at the SLIM BRAND EXCELLENCE 2018.

FUTURE OUTLOOK

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

APPRECIATIONS

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

Upali Madanayake,
Chairman

26 July 2019

Director/CEO's Review

> With our clear strategic directions we have been able to get the maximum from all our resources to record the highest turnover of Rs. 8,492Mn during the last financial year.

We are pleased to report that your Company has maintained the growth momentum with good performances from the "Team Kelani" this year too. With our clear strategic directions we have been able to get the maximum from all our resources to record the highest turnover of Rs. 8,492Mn during the last financial year.

Focusing on our theme of sustainable growth & profits the results are very encouraging in spite of political uncertainty, fuel price increases, parity changes had an adverse impact on our growth pattern.

	2018/19 Rs. Mn	2017/18 Rs. Mn	Growth Rs. Mn	%
Turnover	8,492	7,994	498	6.2
G.P	1,165	1,006	159	15.8
PBT	322	264	58	22.0
NP	225	197	28	14.2

Our top line grew by 6.2 % and the highest turnover recorded is Rs 8,492 Billion. The gross profit increase year on year was 15.8 %.Profit before tax was 22% more than last year. Profit after tax was 14.2% over last financial year.

SALES & MARKETING

The Sales team has performed extremely well despite competition in the local market.

Year on year turnover growth is 6.2% and this has helped the company to maintain its market share.

Distribution, Projects and Exports have grown remarkably over last year.

	2018/19	2017/18	Growth	%
Local	7,105	6,805	300	4.4
Exports	1,387	1,189	198	16.7

Kelani Lighting has made good progress with GLS and LED bulbs and all trading products has had an increase over the last year. In addition to Bulbs we sell Cable Accessories, Insulating tape, Masking tape, Schneider range of products has helped us to boost our trading sales.

We launched a Ceiling Fan "Kelani Breezer " during the year under review and has fared well despite competition from other brands in the market.

50 YEAR ANNIVERSARY

We celebrated 50 years of service to the nation with several events with a Pirith ceremony, Alms giving to the Maha Sanga, Blood donation campaign by our employees and recognizing our Chairman for guiding us to steer Kelani Cables PLC to reach the present status as a leading Cable Manufacturer in Sri Lanka. A plaque was unveiled and near the new marketing building with a citation.

HUMAN RESOURCES

We maintain cordial relations with our staff and have constant dialogue with them. Regular JCC/welfare meetings are held. Employee training on various topics are conducted by internal & external resource personnel.

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

Eminent resource persons are invited as guest speakers on various management topics once a month and appreciated by the management team and is eagerly looked forward to by all.

MANUFACTURING

The manufacturing Plants 1, 2 & 3 utilized all the resources available efficiently and supported the Sales & Marketing by providing all requirements as per the budget whilst maintaining the required quality, standards and meeting delivery targets. All products manufactured for exports too met the stringent international standards.

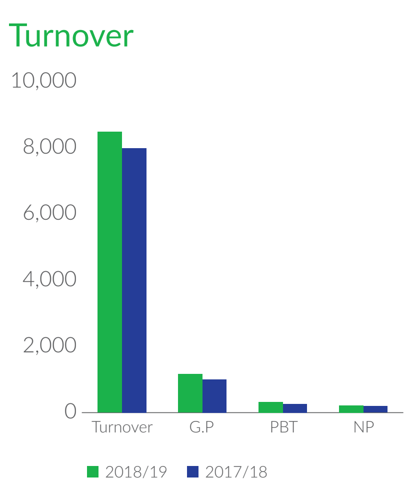
Machine capacity was increased by adding 3 new lines during the year and we are now equipped better to meet any market challenges locally and in the export market.

We continue to sustain 5S and Kaizen initiatives helping our productivity enhancements.

ACHIEVEMENTS

We were recognized by the Sri Lanka Institute of Marketing (SLIM) at the annual SLIM BRAND EXCELLENCE 2018.

1. SILVER AWARD B2B category
2. SILVER AWARD CORPORATE SOCIAL RESPONSIBILITY



KELANI SAVIYA

We have successfully carried on the CSR project for 12 years in partnership with the University of Peradeniya and to date app 300 electrical technicians have passed out. Many of them serve in many capacities enriching their quality of life and service to the nation. We appreciate the services rendered by the Engineering Faculty for their commitment to make this project a success.

KELANI SHAKTHI

This CSR project commenced in the year 2014 and 87 Technicians have passed out and some have started their own workshops, and gainfully employed as Electricians in the Public and Private sectors.

FUTURE OUTLOOK

We will continue to maximize the efficient use our resources to sustain growth and assure our shareholders better corporate performance. We look forward to a stable political and economic environments and consistence policies for us to perform better in the future.

APPRECIATION

In conclusion, I express my sincere appreciation to the Chairman, Deputy Chairman, and the Board of Directors for the assistance and guidance given during the year. I also thank the management and the employees for their continued support extended to me.

My profound thanks to our business partners, Banks, Government Institutes, local authorities, suppliers for their continued support extended during the year.

Mahinda Saranapala
Director/ Chief Executive Officer

26 July 2019

Board of Directors

Mr. Upali Madanayake
Chairman

Mr. Suren Madanayake
Deputy Chairman

Mrs. N. C. Madanayake
Director

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 Copper (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Electric (Pvt.) Ltd. and RESUS Energy PLC. He has over 50 years experience in the cable Industry.

MR. SUREN MADANAYAKE

Deputy Chairman

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

He also serves as the Chairman of RESUS Energy PLC, Managing Director of ACL Plastics PLC and Director of ACL Electric (Pvt.) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd., Destination Ceylon (Pvt.) Ltd., Ethimale Plantation Pvt LTD, Marshal Investments (Pvt) Ltd. and National Asset Management (Pvt) Ltd.

He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity. He captained the Royal College 1st XV Rugby team in 1987.

MRS. N. C. MADANAYAKE

Director

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

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

DR. RANJITH CABRAL

Director

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

Dr. Cabral has held several Senior Management positions in both the Public

Dr. Ranjith Cabral
Director

Dr. Bandula Perera
Director

Mr. Mahinda Saranapala
Director/CEO

and Private sectors, and a Past President of the Institute of Personnel Management Sri Lanka (IPM). He is the Chairman/Director of Sikshana Educational Investment (Pvt) Ltd and Sparkgrid Pvt Ltd.

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

DR. BANDULA PERERA
Director

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

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

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 Materials, Minerals and Mining (UK).

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

MR. MAHINDA SARANAPALA
Director/CEO

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

His career spans over 40 plus years and he has worked for top Sri Lankan corporates such as Ceylon Tobacco Company, The Maharaja Organisation 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 specialised 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) recognised 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 also serves as a member of the Board of Trustees of Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust.

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

Devinda Lorensuhewa
Deputy General Manager Marketing

Abhaya Ranawaka
Manager - Projects & Engineering

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

Asela Jayatillaka
Senior Accountant

Narmal De Zylva
Stores Manager

Rohana Wadduwage
Sales Manager -
Power & Energy Sector

Asitha Sumanasekara
Human Resources Manager

Sagara Balasuriya
Manager – Transport

Chaminda Waidyathillake
Sales Manager - Distribution

Suranga Pathirana
Sales Manager - Projects

Chandima Weerasinghe
Head of Sales – Lighting

Dinuka Chandrakeerthi
Production Manager Plant 1

Jaliya Ranaweera
Production Manager Plant 3

Chinthaka Fernando
Manager - Quality Assurance

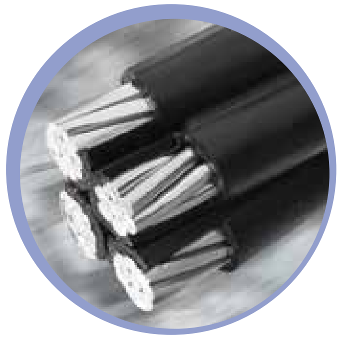
Pradeep Roshantha
Production Manager Plant 2

Pradeep Abeyratne
Accounts Manager

Product Portfolio

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)

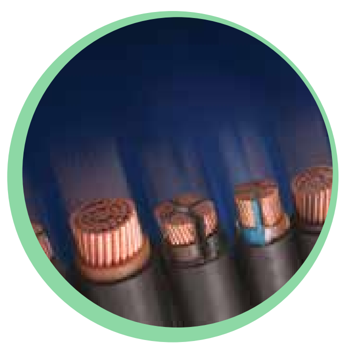
Aluminium compacted conductors XLPE insulated with or without messenger neutral core; manufactured to NF C 33-209 to a voltage rating of 600/1000V.

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^{0}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.

733 1504 412 1186 750

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.

SCREEN CABLES

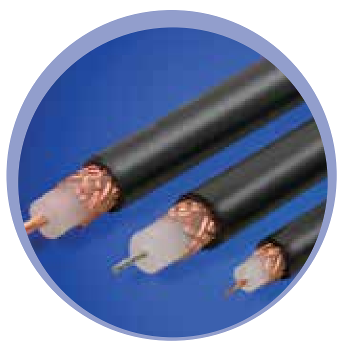
Annealed copper conductors PVC insulated, copper braided and PVC sheathed in multi core cables. Manufactured to BS EN 50525.

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).

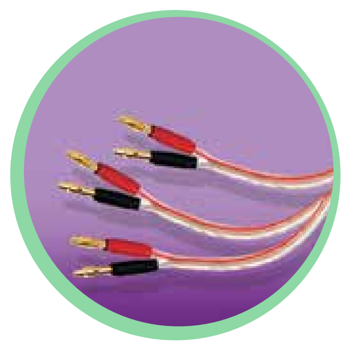
FLEXIBLE CORDS

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.



TV DOWN LEADS/ RG SERIES

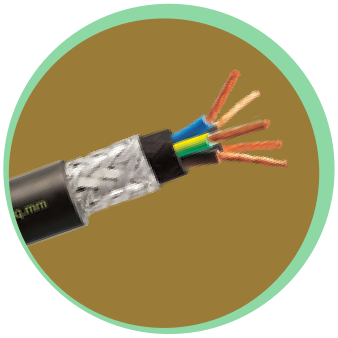
Annealed copper conductors polyethylene insulated and copper braided and PVC sheathed. Co-axial and RG cables, manufactured to JIS, MIL and BELDON standards. Categories are, 3C-2V, 5C-2V, RG 6, RG 11A/U, RG 58B/U, RG 59B/U and RG 213/U.



SPEAKER CABLE

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

Product Portfolio

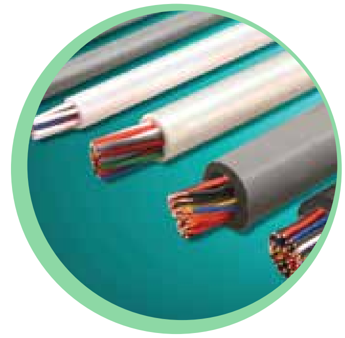


KELANI SUPER FLEX ARMOUR

Galvanized steel wire braided, flexible copper conductor, multi-core cables offer protection against mechanical damage and electromagnetic emissions. For voltages up to 600/1000V.

TRAILER CABLE

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

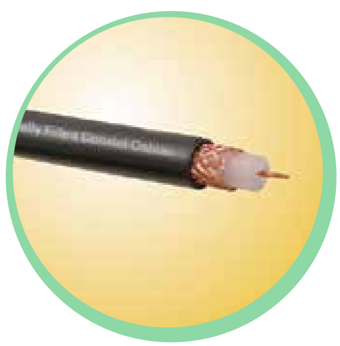


TELEPHONE CABLES

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

CAT 5 E AND CAT 6

UTP 4 pair 24 AWG CMX.



RG6 JELLY FILLED CABLE

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

SOLAR CABLES

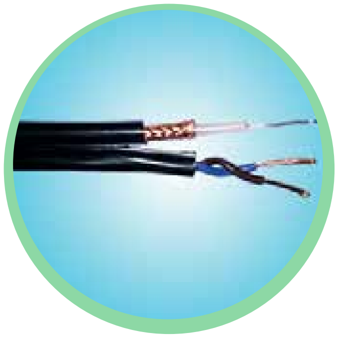
Halogen Free UV resistant PV Solar Cables to 2pfg 1169.

733 1504 412 1186 750

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 CCTV CAMERA CABLE

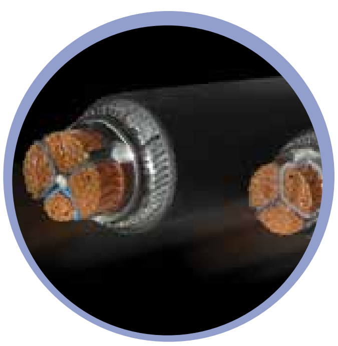
3C - 2V Power Plus - 3C - 2V Coaxial cable with 0.5mm2 two core (Twisted) power cable.

CABLES TO AUSTRALIA / NEW ZEALAND MARKET

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

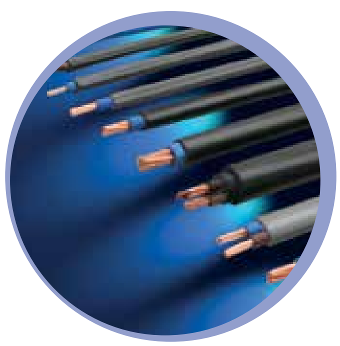
JUMPER/BOOSTER CABLE

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.



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.

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.

ROSETTE TELEPHONE CABLE

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

Business Review and Marketing Strategy

The company also increased the product range of cable related accessories business which was started recently

It is a privilege to note that our Company celebrated its 50th anniversary glamorously in January, this year.

Despite of all macro environmental factors, the company was able to record a commendable growth and continued strengthening the Kelani Brand.

To further differentiate the Kelani brand and to strengthen the brand positioning, an integrated marketing strategy was executed, which has improved brand equity. While competitors were trying to creep into the market by using a heavy price discounting strategy, our strategy was to offer customers and consumers an excellent value proposition in terms of product quality, personalized service quality. That was the competitive edge which Kelani had.

The company also increased the product range of cable related accessories business which was started recently. This business segment is carefully focused because by developing this we try to provide a total solution to our valuable customers.

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

MARKETING STRATEGY

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

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

We are happy to state that the integrated marketing strategy has made the Kelani brand a powerful force in the extremely competitive cable industry. The Company managed to get vital growth in the top line. The slight drop in bottom line is purely due to severe market competition.

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

The Company's new marketing campaign launched recently helped to maintain an edge for Kelani brand over the competition. We used the marketing campaign also to communicate company's 50 years.

MARKET SEGMENTS

Our marketing strategy targets four main segments.

1. Projects

In a very slow momentum in infrastructure development in the country, it is happy to state about the sales growth of projects division. This is mainly due to dynamic selling, world class service, customized product solutions, excellent product quality and strong relationship building initiatives.

The event "Kelani Knowledge Forum" was conducted for institutional customers and industry professionals which always enhance the stature of Kelani corporate brand and strengthen the business relationship with institutional customers.

2. Exports

All Below the Line advertising initiatives gave a good support to Kelani brand to get recognized in overseas markets.

Participating in exhibitions, vehicle branding, dealer branding were the key initiatives under BTL activities.

Established company direct operations in Bangladesh and Maldives have shown a positive growth compared to year 2017/18 in the annual review of 2018/19.

Kelani Knowledge Forum 2018

The professional negotiating skills and providing customized product solutions have resulted in achieving superior results in export sales.

During the year reviewed, Kelani Cables PLC commenced export of Copper Enamelled Winding Wire to Transformer manufacturing industry in Pakistan.

3. Power and Energy

This is the dedicated sector to cater mainly to Ceylon Electricity Board and Lanka Electricity Company.

During the year under review this sector also given a positive contribution towards achieving annual turnover.

4. Distribution

This is a highly competitive market involving 7 players. Self-motivated and dynamic sales team work here to achieve excellent results.

B2B Brand of the Year – Silver Award Winner at SLIM Brand Excellence 2018

Product availability was improved and the productivity of the sales team was also increased.

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

LIGHTING DIVISION

During the year the lighting division was strategically face lifted to compete with the competition as the brand was growing with the customer satisfaction and success acclaimed accolades. The company will come out with total lighting solutions in the near future and with the recent initial launch of LED bulbs for the domestic market it will give attractive results which will be no doubt a premium player and also specially the estate sector where still we have a potential for the incandescent lamp.

"Kelani Breezer" the newest member in our trading product portfolio and the objective was to penetrate more in to the retail sector and subsequently in to the other sectors such as government institutions and industries, hospitals and garment factories.

BRAND BUILDING

The 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 brand has been awarded Silver Award on B2B brand of the year category at SLIM Brand Excellence 2018.

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 the 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.

Sustainability Report

- Appointing environmental management committee
- National safety award
- Environmental road map introduced

- ISO 14001:2004 certification
- Cleaner production initiatives
- National cleaner production award
- Signed up for National Green Reporting System
- Participated in the earth day walk

- Started sustainability reporting in company annual report
- Environmental awareness program for school children

- National Cleaner Production Award
- SLITAD people development award
- Sky lights installed

- Geo Responsibility Award – Environmental system compliance
- National Quality Week
- Support for people affected by flood

2010 2011 2012 2013 2014

2010

- Appointed Environmental management committee to be responsible for setting environmental targets and priorities and to oversee environmental programs.
- Won National Safety Award in Manufacturing and Processing Sector for ensuring the occupational safety and health (OSH) best practices are well established in the organization and its work force.

2011

- Obtained ISO 14001:2004 environmental management system certification to manage environmental impact, position ourselves ahead in the competition and to enhance our green image
- With guidance from National Cleaner Production Centre of Sri Lanka implemented Cleaner Production and Resource Efficiency initiatives in operations
- Won merit at the National Cleaner Production Award for Cleaner Production and Resource Efficiency initiatives in operations
- Signed up for National Green Reporting System under which we voluntarily disclose selected sustainability indicators to the ministry of environment
- Participated in the Earth day walk organized by Central Environmental Authority to communicate to the public on environmental challenges

2012

- Started sustainability reporting in company annual report to communicate our sustainability initiatives and performance to all our stakeholders
- Conducted Environmental awareness program for school children because it's important to integrate environmental consciousness in children

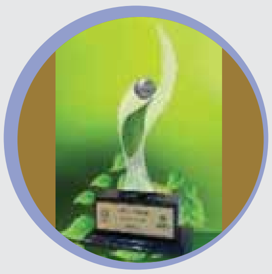
2013

- Won the gold award at SLITAD people development award for best practices in Human capital management
- Sky lights installed in warehouse and production areas to reduce the use of electricity for lighting

2014

- Won Merit at the Geo Responsibility Awards for Environmental system compliance
- Celebrated National Quality Week to emphasize our commitment towards quality and reducing waste
- Support for flood affected people to uplift the lives affected by flood in various parts in the country2015

- Responsible care certification
- National Green Award
- Social dialog & Work place cooperation award
- Asia Best Employer Brand Award



2015

- National Quality Award
- National Green Award
- Best Green Reporter award
- National HR excellence award
- Social dialog & work place cooperation award
- Green Footprint 2.0

2016

- World Class award iat Global Performance Excellence awards
- Signed up for MetaBuild technology up graduation program
- Introduced 39 environmental performance indicators
- Sponsored Soba Wandana Program

2017

- Solar energy harvesting in Siyabalape plant

2018

- World Environmental Day celebration
- Creation of environmental club

2019

2015

- Kelani Cables was Awarded Responsible care logo which is a global initiative to promote environment, health and safety of workplaces
- Won silver at the National green awards 2016 for the various initiatives to reduce environmental impact and enhance positive environmental impact
- Won gold at Social dialog & Work place cooperation awards for best practices in Human capital management
- Won Asia Best Employer Brand Gold Award for best practices in Human capital management

2016

- Won National Quality Award

  For the company's performance excellence in the areas of leadership, strategy, customers, measurement and analysis, workforce and operation
- Won Best Green Reporter award For the comprehensive sustainability report produced under National Green Reporting System
- Won National HR excellence gold award for best practices in Human capital management
- Sponsored Green Footprint 2.0 which is an environment awareness program for school children organized by AISEC of university of Sri Jayawardhanapura

2017

- The Company successfully upgraded to the latest version of environmental management system standard ISO 14001:2015 certification
- Signed up for MetaBuild technology up gradation program which is a 4-year project (2016-2020) supported by the European Union (EU) in Sri Lanka, Bangladesh and Nepal creating improved production processes of metal components for the building and construction sector
- Introduced 40 environmental performance indicators to monitor and measure the status of processes and overall operations and track the achievement of environmental objectives in Kelani Cables
- Sponsored Soba Wandana program organized by students of university of Kelaniya to clean up natural areas and public places

2018

- Solar energy harvesting in Siyambalape plant with Solar panels in 7000sqft area that generates 104 kWp, helps save 55,100 kg CO_2 annually

2019

- World Environment Day celebration Planted more than 200 trees inside factory premises
- Creation of environmental club Aimed at participating in environmental and CSR programs with the involvement of employees is in the pipeline

During 50 years of responsible corporate citizenship we were driven by the three pillars of sustainability to create value for our stakeholders. Not only do we create economic value by maximizing profits and shareholder value, but also we take on a broader responsibility as a corporate citizen to create societal values

During 50 years of responsible corporate citizenship we were driven by the three pillars of sustainability to create value for our stakeholders. Not only do we create economic value by maximizing profits and shareholder value, but also we take on a broader responsibility as a corporate citizen to create societal values. These societal values are the total accumulation of all the impact generated by direct/indirect causes and serve as resources to usher in a better future. The financial and non-financial impact we exert on society throughout this process is monitored so that we are able to maximize our positive impacts while minimizing any negative ones. It is through this approach in operating and innovating our business that we fulfill our social responsibility and create products and services that contribute to a sustainable future, while better positioning ourselves to maximize new opportunities and respond to challenges

An alms giving was organised with employees participation

A Na sapling was planted by the Chairman Mr. Upali Madanayake

Employees service over 25 years rewarded

50 YEARS AND COUNTING ...

The 50th Anniversary marks a remarkable milestone in the journey of Kelani Cables. Having started with 12 employees, in 50 years Kelani Cables has grown to be a renowned corporation with a household brand name providing direct employment to more than 500 and indirect employment for over thousands. This occasion was celebrated with a series of events on the week following 27th January 2019. A Na sapling was planted on the premises by the chairman Mr. Upali Madanayake commemorating this hallmark day. Deputy Chairman Mr. Suren Madanayake and directors Mrs. N.C. Madanayake, Dr. Ranjith Cabral, Dr. Bandula Perera and Director/ CEO Mr. Mahinda Saranapala graced the events.

An alms giving was organized in the newly constructed office and manufacturing building complex to bless the company and its employees over the years to come. A dhamma sermon was also preached. Blood donation program organized as part of 50th anniversary was participated by a large group of Kelani Cables employees as well as participants from other ACL group companies. The company remembering gratefully the value of service its employees offered, during the 50th anniversary recognized past employees including the first Kelani Cables payroll employee. The service of employees whose service period is over 25 years were also rewarded. The event ended with a musical show that was participated by a popular band and popular music stars to entertain the gathering.

Kelani Cables and its employees will see this milestone as a turning point in history to be more focused on the future. The company will consider sustainability as a core requirement in its business decisions as sustainability and corporate responsibility are core components to any forward-looking organization. During 50 years of responsible corporate citizenship we were driven by the three pillars of sustainability to create value for our stakeholders. Not only do we create economic value by maximizing profits and shareholder value, but also we take on a broader responsibility as a corporate citizen to create societal values. These societal values are the total accumulation of all the impact generated by direct/indirect causes and serve as resources to usher in a better future. The financial and non-financial impact we exert on society throughout this process is monitored so that we are able to maximize our positive impacts while minimizing any negative ones. It is through this approach in operating and innovating our business that we fulfill our social responsibility and create products and services that contribute to a sustainable future, while better positioning ourselves to maximize new opportunities and respond to challenges.

Kelani Cables past employees were rewarded for their service

Blood donation program was attended by many employees

Musical show featured several popular artists

Sustainability Report

FOR PLANET. FOR OUR PEOPLE. FOR SOCIETY

RECYCLING & 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. Copper and Aluminium waste material from our processes are totally given for recycling. We participate in Industrial symbiosis which is the process by which wastes or by-products of an industry or industrial process become the raw materials for another. Application of this concept allows materials to be used in a more sustainable way and contributes to the creation of a circular economy. 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 in an environmentally friendly manner. To encourage environment friendly packaging, we replaced some of our product packaging from wooden drums to reusable steel drums.

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 overall equipment effectiveness, increased productivity and by use of efficient equipment.

Celebrating 2019 World Environment Day themed "Air Pollution", we planted trees at Kelani Cables helping reduce air pollution

We continually monitor the electricity consumption and carry out programs to optimal use of electricity. In 2018 we commissioned solar photovoltaic system in a 7,000 ft2 area in Siyambalape plant premises which has a capacity of generating 104 kWp. This investment brings environmental benefits such as saving of 55,100 kg of CO2 emissions per year and is equivalent as 187 trees being planted a year. Status of the solar photovoltaic system can be monitored real time through the mobile app. The project was implemented under "Soorya Bala Sangraamaya", the government's initiative on promoting solar energy generation for communities and businesses.

WATER

The water used for wire cooling is reused in a circulation system. We are aware of our water footprint by monitoring water consumption at the source and at points of use and we improved our water productivity in high water consuming areas.

AIR

Air quality measurements and volatile organic carbon particle measurements are performed regularly by reputed testing organisations to ensure our working environments remain healthy for our people and for the neighbour community.

METABUILD™ PROGRAM

METABUILD is a 4-year project (2016-2020) supported by the European Union (EU) under the SWITCH Asia Programme, 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. Agreed actions based on the comprehensive assessments and measurements were implemented in areas areas of energy and water.

RESPONSIBLE CARE® CERTIFICATION

Responsible Care® is a global, voluntary initiative to improve health, safety, and environmental performance in chemical related companies. The signatory chemical companies agree to commit themselves to improve their performances in the fields of environmental protection, occupational safety and health protection, plant safety, product stewardship and logistics, as well as to continuously improve dialog with their neighbours and the public, independent from legal requirements.

ECO-FRIENDLY PRODUCTS

-- Lead Free Submersible Cables

Kelani submersible cable range carries no Lead in its outer cover sheath. Thus it is the safest cable choice to supply power to centrifugal pumps used for wells and tube wells reducing the risk of water contamination.

-- Solar Cables for Solar Grids Wiring

We offer Kelani Solar Cables for the wiring of solar photovoltaic systems with high withstand properties to UV radiation and fire.

-- LED Lighting Solutions

We offer a wide range of Energy efficient LED lighting products including B22 and E27 LED bulbs from 3W to 11W and the Solar lantern, which is a solar charged lighting device.

-- UL Recognised enamelled winding wire complying with RoHS & REACH

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 UL recognised component mark. It is also a European Union's The Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) compliant product.

WORLD ENVIRONMENT DAY

Every year on June 5th we celebrate World Environment Day at Kelani Cables and take action to creating positive environmental impact by planting trees, contributing to waste cleanup and managing waste at public places in Kelaniya area.

KELANI CABLES ENVIRONMENTAL POLICY

Kelani Cables PLC and its employees are committed to ensure the company's operations comply with its compliance obligations. Kelani Cables PLC will continuously improve its environmental performance by reducing the impact and prevention of pollution through economically feasible and technologically practicable processes.

We will,

- Optimize the use of raw materials & energy
- Comply to all compliance obligations
- Inculcate a green culture
- Abide by the responsible care guiding principles

* Responsible Care is a global initiative to promote workplace health & safety and environment. Kelani Cables was recognised as Responsible Care organization by Lanka Responsible Care council.

WORK PLACE DIVERSITY

Kelani Cables promotes workplace diversity from the point of recruitment. Where variety encompasses ethnicity, religion, culture, physical attributes and diverse talents. We believe that diversity enriches the talent pool and we encourage constant innovation through ideas and resources.

Our people philosophy focuses on attracting, developing and building a pool of talented, dynamic and a motivated human resource base with the right competencies to proactively meet our mission & objectives. The very high retention rates (which are well above industry average) and absenteeism rates are which reflects the employee commitment & satisfaction also. Group recruitment and selection processes are streamlined to meet evolving business needs, whilst planned training and Development initiatives are carried out across the Company to build a talent pool and enable employees to give their best to the organization.

TALENT ACQUISITION

With the challenges ahead, Kelani Cables PLC has adopted a balanced approach to talent acquisition. It relies both on leveraging the trade learners, 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. The current focus is on communicating and informing employees, creating greater visibility of opportunities, enabling managers and setting a suitable framework. We are acquiring top & critical talents through; Vocational & Technical Institutes (Vtec), National Institute of Technical Authority (NAITA), National Youth Corps (NYC) institutions & University colleges.

A key aspect of internal career mobility and an important measure to realize restructuring programs in a socially responsible manner. 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 DEVELOPMENT

Kelani Cables's business performance relies, first and foremost, on its employees. The company seeks to build the capabilities of managers and staff to help them 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 to ensuring 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.

We focused on trainings as main tools that improve the talents. We make sure identify training needs through Performance evaluation System as well we are committed to improve their talents through ad-hoc trainings and professional courses.

There were 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.

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. Total investment in training was increased annually. The company 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 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 programs. To foster understanding of healthy living and energy balance across our company.

Kelani family follows various policies and practices which let the employees stick to an organization for a longer period of time. Our organization invests time and money to groom a new joined, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. We are committed 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 benefits helps to our people to stay one step ahead from comparative cost of living. In order to keep good culture in organization we conduct welfare events such as Annual Pirith enchanting at January 1st with blessing the 50th Year anniversary, Annual New year festival, Annual X'mas party, Bi-annual Medical campaign etc, we are committed to make Kelani Cables is their second home.

for year 2018/19 our welfare society had organized Stage Drama 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. As community responsible organization we were able help our employees as well surround community who was affected from flood .Distributed dry rations. Lunch packets as well as we funded to employees to rebuild their houses. As a good performing organization we were able uplift our employees' satisfaction with the spirit of winning team. Last year our commitments are recognized globally as well locally.

TRAINING FOR 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

Employees along with their families participated in the Christmas Party

Employees, whose service is 25 more years recognised by CEO

Several religious occasions were held including chanting of pirith

accidents, we continue to strengthen our safety programmes. We provide fire safety training for fire team who drive 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. Zero major accidents reflects our commitment towards the safe work environment. It's a great commitment & contribution offering through the Safety committee and monthly safety reviews to maintain international standards.

Annual Employee Day was held this year at Avenra Gangara Hotel

WAY FORWARD

Human Resource plays a leading 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 build an environment where employees can thrive and are 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.

COMMUNITY ENGAGEMENT

Our approach 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.

OUR PEOPLE

Our human capital drives our success as an entity who has been in business for 50 years, and therefore is a key element of our value creation process. As reflected by our brand identity, our team consist largely of youthful, passionate and energetic individuals, brimming with enthusiasm, and a spirit of collaboration. It has a distinctly different culture.

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 behaviours', so everyone in Kelani Cables understands the way we work.

Sustainability Report

A team of employees trained in safety and fire rescue

Afirst aid training was organised inhouse

Kelani Saviya

Kelani Cables was awarded Silver for TCSR brand of the year

We place immense value on our human capital, as they are the key factor in our achievement of high levels of product quality, innovative solutions, speed of delivery and the strong relationships we have forged with our customers over the years. Their untiring efforts, knowledge and skills have brought us to where we are today, a leader in the cable manufacturing industry enjoying a regional presence, in Partnership with a renowned clientele.

Every business partner 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 the satisfaction to the customers.

KNOWLEDGE SHARING

Factory Visits

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

Kelani Electricians' Club

Our pioneering effort towards raising the standards of electricians, both professionally and socially, completed another successfully year by conducting 17 seminars throughout the country with over 100 participants attending each. These seminars covered the area of usage, safety and conservation of electricity.

Passed students of Kelani Shakthi 3rd batch at the Certificate Awarding Ceremony on 16th November 2018.

A group of students observing production process

Technical seminar for Electricians and Winders islandwide

Empowering Motor Winders

The company continued to build a strong relationship and support the motor winders, through technical seminars specializing on motor winding. 12 seminars were conducted with participation of more than 100 winders islandwide.

KELANI SAVIYA

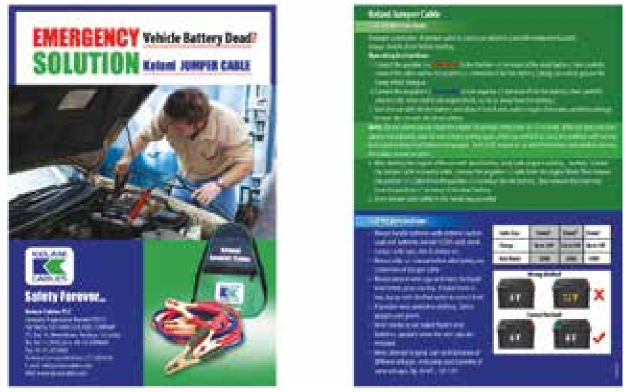
Our unique initiative "Kelani Saviya" set up to promote professionalism in the occupation of electricians continues for the 12th consecutive year The program was launched under the patronage of Vice Chancellor, University of Peradeniya, Prof. S.B.S. Abeykoon, one of the key founders of the program. During the year under review the 11th batch commenced the program with 65 students. The key objective of this program is to persuade 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 registered 500 students from across the island to date, with over 450 achieving the required goals and completing the all three levels to obtain full qualification.

KELANI SHAKTHI

Further we have 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 in 2015. The passing out ceremony of the third batch students was held and the forth batch of the "Kelani Shakthi" students commenced the program & so far 200 students were passed out of the above programs.

Product information & technical Assistance

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 household consumer. Our emphasis is on safety in the 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.



PRODUCT RESPONSIBILITY

Brand promise

KELANI CABLES Fire Shield Safety Forever...

Consistent with our brand promise "Safety Forever", we offer our customers with products that meet and exceed requirements of national and international standards. 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, state science, research and technology 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 and improved products to our customers. Through trainings and seminars for members of Kelani Electricians Club and winders club, we upgrade skills of the professionals to arm them with industry new developments and enhancing their professions.

Product certifications

SLS 733 | SLS 1504 | SLS 412 | SLS 1186 | SLS 750 | UL

Kelani cables holds product certifications from the national standards body Sri Lanka Standards Institution, and Kelani Enamelled winding wire is an Underwriters Laboratories (UL) recognized component accepted internationally.

Recognition of Kelani Family on its journey to Excellence

Recognition of Kelani Family on its journey to Excellence

V.Supramani
41 Years Service
Human Resources

K.A.Premarathna
37 Years Service
Plant III

Mrs.K.G.Rathnawathi
36 Years Service
Plant III

R.M.Premarathna
36 Years Service
Plant III

K.V.Wijerathna
36 Years Service (First Employee)
Stores

R.D.A.Amarasiri
35 Years Service
Distribution

T.W.N.Wijerathna
35 Years Service
Electrical Engineering

W.K.S.Kumaratunga
35 Years Service
Plant I

K.G.S.T Kadajoda
34 Years Service
Distribution

K.H.A.Kumara
34 Years Service
Laboratory

U.H.Chithrananda
33 Years Service
Stores

K.A.D.S.Jayarathne
34 Years Service
Plant I

R.P.N.Pushpakumara
33 Years Service
Plant I

H.M.Weerasekara
32 Years Service
Maintenance

A.S.Gunasena
32 Years Service
Electrical Engineering

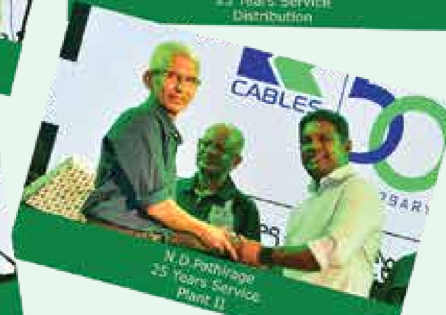
H.Wijesinghe
32 Years Service
Plant I

Recognition of Kelani Family on its journey to Excellence

W.G.Nihal
26 Years Service
Supplies

P.R.Dissanayaka
25 Years Service
Electrical Engineering

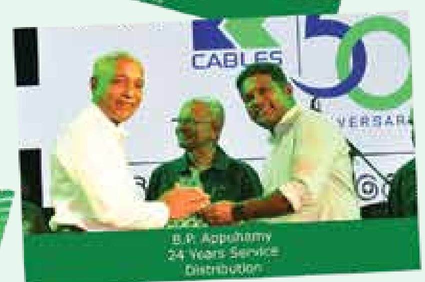
S.D.Premarathna
25 Years Service
Distribution



N.D.Pathirage
25 Years Service
Plant II

R.P.J.Ranasinghe
25 Years Service
Plant I

U.G.Gunasena
24 Years Service
Distribution



B.P. Appuhamy
24 Years Service
Distribution

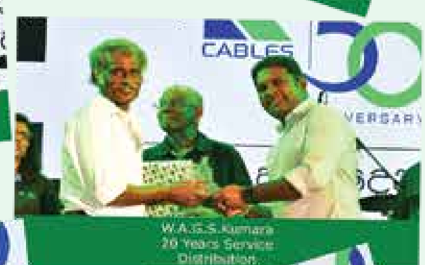
A.B.Jayarathna
22 Years Services
Distribution

T.K.R.Ranjith
23 Years Service
Maintenance

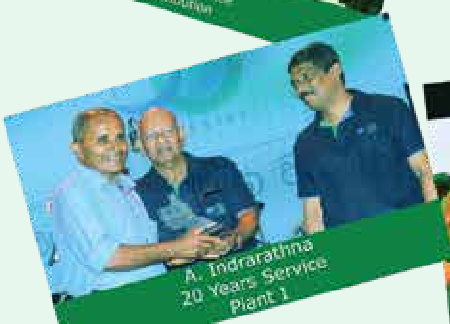
H.G.Premadasa
24 Years Service
Stores

H.A. Richal
20 Years Service
Distribution

W.M.D. Wijesooriya
24 Years Service
Maintenance



W.A.G.S.Kumara
20 Years Service
Distribution



A. Indrarathna
20 Years Service
Plant I

T.Nandasena
23 Years Service
Stores

Mrs. H.M.N.S. Samarasinghe
20 Years Service
Plant III

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 BOARD OF 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 Meetings for the year. Information provided covers the monthly accounts and comparison of performance against the Budget are discussed and remedial action taken when necessary. Senior Managers make presentations on the performance in their respective area on request. When the Board requests additional information, 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.

Committees Under purview of the Board

Remuneration Committee

Remuneration committee of the parent- company acts as the remuneration committee of the company. This committee comprises of two independent Non-Executive Directors of the parent company. Mr Ajith Jayaratne serves as the Chairman of the committee and Mr. Rajiv Casie Chitty serves as the member.

Audit Committee

Details are given in D3 in page 48 of this report.

Related Party Transactions Review Committee

As a subcommittee of the Board, it's primary objective is to ensure that the interests of all its shareholders are taken into account by the Company when entering into related party transactions. All related party transactions were reviewed by the committee.

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 and Remuneration Committee of the Company is headed by the Chairman of the Audit Committee and Remuneration Committee of the Parent company. Qualifications of Directors are disclosed in Board of Directors section on page 12 and 13 and in Remuneration Committee Report.

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 99 to 101.

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.

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 - Director/Chief Executive Officer	12/12			
Non Executive Directors				
Mrs. N.C. Madanayake	11/12			
Independent Non Executive Directors				
Dr. Bandula Perera	12/12	3/4		
Dr. Ranjith Cabral	12/12	3/4		
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 49 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 81 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 2019, 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 2019.

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 62 to 65 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 52 to 55. The Statement of Directors' Responsibility for Financial Reporting is given on page 56 and the Independent Auditors' Report on the Financial Statements of the Company for the year ended 31 March 2019 is given on page 58 to 61.

D 2 Internal Controls

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

The Board is responsible for the effectiveness of the internal controls. The effectiveness of the internal control system is periodically reviewed by the Audit Committee and major observations are reported to the Board. The internal audit function is carried out by Messrs. Ernst & Young Advisory Services (Pvt) Ltd.

The Board reviews the reports arising from internal audits and also observations presented by the External Auditors Messrs. KPMG and monitors the progress of the Company. The Board has reviewed the internal control procedures in existence and is satisfied with its effectiveness.

D 3 Audit Committee

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

Corporate Governance

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.

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 rules of the Colombo Stock Exchange on Corporate Governance and Related party transactions are given below .

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.	Please refer pages 12 & 13 of the Annual Report.
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.

CSE Rule No.	Applicable Rule	Governance Requirement	Company's Adherence
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
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
7.10.5 (b)	Functions	Committee shall recommend the remuneration payable to Executive Directors and the Chief Executive Officer or equivalent role.	Compliant
7.10.5 (c)	Disclosure in Annual Report	Annual Report should set out the names of the members of the Committee, a Statement of Remuneration Policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Compliant 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 recognised 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.	Compliant. Refer Audit Committee Report in the Annual Report

CSE Rule No.	Applicable Rule	Governance Requirement	Company's Adherence
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
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		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. ii. Any subsequent Non-recurrent Transaction after it exceeds 5% of equity entered with the same related party.	N/A
9.3.2 Disclosure in the Annual Report		a. Non-recurrent Related Party Transactions b. Recurrent Related Party Transactions c. Report of the Related Party Transactions Review Committee d. An affirmative Statement by the Directors that they are in compliance with the rules pertaining to Related party transactions	Compliant. Compliant. Please refer page 101 of the Annual Report. Compliant Compliant. Refer RPTR Committee Report of the Annual Report.

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 organisation 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	• 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 island wide. • Take advantage of group synergies and ongoing expansion of capacity in target areas. • Implementing various marketing and pricing strategies to protect the market share • 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	• 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	• Effective communication lines are developed in the company's culture to foster good employer employee relationships. • Maintain healthy and cordial relationship with employees at all levels through joint consultative committees and welfare activities • 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. Opportunities for career progression.
Credit Risk	Potential losses arising due to customer bankruptcy	• Adherence to business specific credit policies. • Regular follow up.

Risk Management

Risk category	Description	Strategies and Mitigating Actions
Liquidity Risk	Adverse impact on the liquidity position as a result of payment delays by customers, long stock residence period and early payment for creditors	• 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	• Managing foreign exchange/ interest rate exposure with positive negotiations with banks and applying effective management of financial risk management techniques. • Matching assets and liabilities denominated in foreign currency.
Interest Rate Risk	Fluctuation in market interest rates having an impact on the profitability by way of interest income and borrowing cost	• 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	• Obtain comprehensive insurance covers for plant, machinery and inventory. • Carry out planned preventive maintenance programs at regular intervals • Maintain fire fighting equipment within standards and fire drills are conducted annually. • Upkeep security precautionary systems
Technological and Quality related risk	Possibility of products or processes being outdated or obsolete due to Standard upgration	• 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	• 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	• Centralised IT operation and Data backups 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

Risk category	Description	Strategies and Mitigating Actions
Environmental Risk	Risks associated with environmental management compliance and the related risks due to violation of regulations	• 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. • Certified to ISO 14001:2015 system.
Regulatory and Legal Risk	When existing policies are changed by regulatory authorities	• Compliance with any new laws or regulations that are from time to time introduced for good governance.
Social Risk	Negative impacts on the organisation from local communities which are linked with the surrounding areas of the project.	• The Company has developed relationships with communities, religious and other voluntary groups by helping them uplift their lives and livelihoods when a need arises.

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 2018/2019 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 2018/2019 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 2018/2019 can be found in Note 7 to the Financial Statements.

INTERNAL CONTROL SYSTEM

In 2018/2019 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

26 July 2019

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 several 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 Associate Member of the Chartered Institute of Management Accountants (CIMA), UK and a Chartered Financial Analyst, USA. He obtained his Masters in Economics from the University of Colombo and won the Janashakthi Gold at the 2006 CIMA Pinnacle Awards. Mr. Casie Chitty was appointed as a Director of ACL Cables PLC in November 2005. He is Chief Operating Officer of Commercial Credit & Finance PLC and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC and Office Equipment PLC. He is 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 practices. 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 2018/2019 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

26 July 2019

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 2018/19. 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 40.

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

26 July 2019

Report of the Directors

The Directors have pleasure in presenting their 50th Annual Report of your Company together with the Audited Financial Statements for the year ended 31st March 2019.

PRINCIPAL ACTIVITIES

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

VISION AND MISSION

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

REVIEW OF BUSINESS

A review of the Company's performance during the financial year is given in the Chairman's Review (pages 8 to 9), Director/Chief Executive Officer's Review (pages 10 to 11) and Business Review and Marketing Strategy on pages 20 to 21. 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 2018/19 was Rs.8.4 Bn (Rs. 7.9 Bn in 2017/18). The profit after tax of the Company and Investee for 2018/19 was Rs.232.0 Mn (Rs. 184.7 Mn in 2017/18), while the Company's profit after tax for 2018/19 was Rs 224.7 Mn (Rs. 196.8 Mn in 2017/18).

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 62 to 108 and Independent Auditors' Report on the Financial Statements is provided on page 58 to 61.

ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are given on pages 66 to 79 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 1 April 2019.

- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Long- term interests in Associates and Joint Ventures (Amendments to LKAS 28).
- Plan Amendment, Curtailment or settlement (Amendment to LKAS 19).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle - various standards.
- Annual Improvements to SLFRS 3-Business combinations, SLFRS 11 – Joint Arrangements, LKAS 12 Income Taxes.

DIVIDENDS

The interim dividend of Rs.3/50 pershare for the financial year ended 31 March 2018 amounting to Rs. 76.3 Mn was paid during the financial year on 17 July 2018. The Board of Directors,declared an interim dividend of Rs.3/50 per share for the year ended 31 March 2019 on 24 July 2019 amounting to Rs. 76.3 Mn and will pay on 15 August 2019.

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 31 March 2019 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 110 to 111 of the Annual Report.

SHAREHOLDINGS

As at 31 March 2019 there were 1,182 shareholders. The distribution is indicated on page 110 of the Annual Report. The twenty largest shareholders of the Company as at 31 March 2019, together with an analysis are given on page 110 of the Annual Report.

RELATED PARTY TRANSACTIONS

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS 24 "Related Party Disclosures" which is adopted in the preparation of the Financial Statements. These disclosures also comply with the disclosure requirements of the section 9 of the listing rules. Those transactions disclosed by the Directors are given in Note 32 to the Financial Statements forming part of the Annual Report of the Board.

Related Party Transactions Review Committee report is set out on pages 50 to 51 in the Financial Statements.

RECURRENT RELATED PARTY TRANSACTIONS,

the aggregate value of which exceeds 10% of the consolidated revenue are tabled below,

Name of the related party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue / Income %	Terms and Conditions of the Related Party Transactions
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials	1,558,893,613	18.4	Ordinary course of business

NON-RECURRENT RELATED PARTY TRANSACTIONS

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2019. Audited Financial Statements, which require additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

A detailed disclosure of related party transactions is given in Note 32 to the financial statements

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. L. J. Ranjith Cabral and Dr. Bandula Perera who being eligible in terms of Section 86 of Articles of Association, is recommended for re-election.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Statement of the Directors' Responsibilities for Financial Statements is given on page 56 of this Annual Report.

DONATIONS

Donations made by the Company during the year amounted to Rs.18,000/- (31 March 2018 Rs. 20,000/-).

PROPERTY, PLANT AND EQUIPMENT

The Land and Buildings of the Company were revalued as at 31st March 2018 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. Senanayake Bandara ,a Fellow Member of Institute of Valuers of Sri Lanka, as at 31st March 2019. 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.

CAPITAL EXPENDITURE

The capital expenditure on acquisition of property, plant and equipment of the Company amounted to Rs. 89.6 Mn. details of which are given in note 12 to the Financial Statements.

Report of the Directors

CORPORATE GOVERNANCE

In the management of the Company, the Directors have placed emphasis in conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on corporate governance is given on pages 38 to 44 of the Annual 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 101 to 107 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

The details of Directors' meetings are set out on page 40 under the Corporate Governance section of the Annual Report.

INTEREST REGISTER

The Interest Register is maintained by the Company, as per the Companies Act No. 7 of 2007. All Directors have made declarations in accordance with the aforesaid Act. The Interest Register is available for inspection as required by the Companies Act.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts of the Company are disclosed in Note 32 to the Financial Statements and no Director of the Company is directly or indirectly interested in any other contracts with the Company.

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	
As at 31st March	2019	2018	2019	2018
Mr. U.G.Madanayake	56,200	56,200	0.26	0.26
Mr. Suren Madanayake	61,000	61,000	0.28	0.28
Mrs. N.C.Madanayake	Nil	Nil	Nil	Nil
Dr. Bandula Perera	Nil	Nil	Nil	Nil
Dr. Ranjith Cabral	Nil	Nil	Nil	Nil
Mr. Mahinda Saranapala	Nil	Nil	Nil	Nil

STATUTORY PAYMENTS

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

EVENTS AFTER THE REPORTING DATE

There are no material post reporting date events which require adjustments or disclosure in the Financial Statements other than disclosed in Note 38.

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 32 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 32.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Detail of the Capital Commitments and Contingent Liabilities are disclosed on page 108 of the Annual Report.

AUDITORS

The Financial Statements for the period under review have been audited by Messrs KPMG, Chartered Accountants. Rs. 727,637/- has been paid as Audit Fee for the year ended 31st March 2019.

AUDITORS RELATIONSHIP WITH THE COMPANY

Fees paid for other services in the capacity of an Auditor were Rs. 158,309/-.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 authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting to be held on 27 August 2019.

The Report of the Independent Auditors' is given on page 58 to 61. The functions of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee are given on pages 49 to 50 of this Report.

EMPLOYMENT

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. There were no material issues pertaining to employees and industrial relations in the year under review

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange as a listed Company.

NOTICE OF MEETING

The Notice of Meeting of the Annual General Meeting is given on page 114 of this Report.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

Colombo
26 July 2019

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 2019, have been prepared based on the new Sri Lanka Accounting Standards (SLFRSs/ LKASs) which came into effect for the financial periods commencing after 1 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 2019 and Statements of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2019 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 26 July 2019.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

Colombo
26 July 2019

Financial Reports

INDEPENDENT AUDITOR'S REPORT

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

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Internet : www.kpmg.com/lk

TO THE SHAREHOLDERS OF KELANI CABLES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kelani Cables PLC ("the Company") and the Company and its equity accounted investee ("the Company and Investee"), which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information set out on pages 62 to 108 of this annual report.

In our opinion, the accompanying financial statements of the Company and the Company and Investee give a true and fair view of the financial position of the Company and the Company and Investee as at 31 March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and Investee in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements and the Company and Investee's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements and the Company and Investee's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

1) Revenue Recognition

Refer to the significant accounting policy in Note 3.17 & explanatory Note 5 to these financial statements.

The revenue of the Company for the year ended 31 March 2019 was Rs.8, 492 Million.

Risk Description	Our Response
Revenue of the Company is comprised of local sales and export sales which involves high volume of transactions and are recognised when the control of the product or service is transferred to the customer either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. We identified revenue recognition as a significant audit risk due to the risk of inappropriate basis of recognition and recognition during incorrect accounting period.	**Our audit procedures included:** • Understanding whether the management's process of recognising revenue is in line with the requirements of SLFRS 15 – Revenue from Contracts with Customers. • Obtaining an understanding of the revenue recognition process and testing the key controls in respect of the Company's revenue recognition basis. • Testing the automated controls over revenue recognition with the assistance of our internal information risk management specialist. • Testing of invoices raised to customers on a sample basis, to ensure revenue is recognised and measured in accordance with the contractual terms of the contracts and the Company's accounting policies. • Selecting a sample of revenue recognised for periods before and after the cut-off date and verifying the supporting documentation of goods dispatched and services performed in order to determine that revenue recognised is recorded in the appropriate period. • Assessing the adequacy of financial statements disclosures.

2) Carrying value of Inventories

Refer to the significant accounting policy in Note 3.9 and explanatory Note 17 to these financial statements.

The Company carried inventories of Rs.1, 846 Million as at 31 March 2019 at the lower of cost or net realisable value.

Risk Description	Our Response
The Company has significant levels of inventory and judgment is exercised with regard to categorization of stock as obsolete and/ or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at valuation based on lower of cost and net realizable value. As discussed in Note 3.9, Management judgment is applied in arriving at the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. Given the level of judgments and estimates involved, the carrying value of inventories is identified as a key audit matter.	**Our audit procedures included:** • Testing the design, implementation and operating effectiveness of the key controls management has established to manage inventories including the purchases, sales and holding of inventories. • Assessing the valuation of reporting date inventory levels, including assessing the reasonability of judgments taken regarding obsolescence. • Evaluating the adequacy and consistency of provisioning for inventories at the reporting date with the Company's inventory provision policy. • On a sample basis, comparing the carrying amounts of the Company's inventories with net realization value of those inventories. • Testing the existence of inventories through physical verification as at year end for a sample selected based on the professional judgment. • Checked the parameters and system accuracy of weighted average cost (WAC) calculated with the assistance of our internal information risk management specialist. • Assessing whether the accounting policies had been consistently applied and the adequacy of the Company and Investee's disclosures in respect of the judgment and estimation made in respect of inventory provisioning.

KPMG

3) Impairment of trade receivables and transition impact with the adoption of SLFRS 09 – "Financial Instruments"

Refer to the significant accounting policy in Note 3.1.2 and explanatory Note 18.1 to these financial statements.

The Company has recognized trade receivable balance of Rs.1, 959 Million as at 31 March 2019, after a provision for impairment of Rs.306.5 Million.

Risk Description	Our Response
The Company's customers operate in number of sectors, having different credit profiles. SLFRS 09 – "Financial Instruments" introduces an ECL model which takes into account judgments in setting the assumptions such as forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required. As permitted by the transitional provision of SLFRS 09, the impact of adopting SLFRS 09 is considered as an adjustment to equity as at 1 April 2018, without restating the comparative information. Further, Note 3.1.2.1 to these financial statement provides the impact on transition to SLFRS 09 - "Financial Instruments" on retained earnings as at 1 April 2018 of Rs.214 Million. We identified impairment of trade receivables as a key audit matter for our audit, as it requires management to exercise subjective judgment in making assumptions and estimates for the assessment of provision for impairment of trade receivables.	**Our audit procedures included,** • Evaluating the appropriateness of the impairment methodology adopted by the Company in accordance with SLFRS 9 and challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management. • Evaluating the appropriateness and tested the mathematical accuracy of the estimation of provision for impairment. • On sample basis, evaluating the completeness, accuracy and relevance of data used in preparation of the impairment provision and transition adjustments. • Comparing the economic factors used in the models to market information to assess whether they are aligned with the market and economic development. • Assessing the adequacy of the Company's disclosures regarding the degree of judgments and estimation involved in arriving at the provision for impairment of trade receivables and transition adjustments.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company and Investee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and Investee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Company and Investee's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Company and Investee's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Investee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Investee to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and Investee to express an opinion on the Company and Investee financial statements. We are responsible for the direction, supervision and performance of the Company and Investee audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

KPMG
Chartered Accountants
Colombo, Sri Lanka

26 July 2019

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March,	Note	Company and Investee 2019 Rs.	Company and Investee 2018 Rs.	Company 2019 Rs.	Company 2018 Rs.
Revenue	5	8,492,482,278	7,994,364,353	8,492,482,278	7,994,364,353
Cost of sales		(7,327,030,326)	(6,987,825,777)	(7,327,030,326)	(6,987,825,777)
Gross profit		1,165,451,952	1,006,538,576	1,165,451,952	1,006,538,576
Other income	6	11,088,716	9,841,523	11,088,716	9,841,523
Change in fair value of investment property	14	15,000,000	26,250,000	15,000,000	26,250,000
Distribution expenses		(490,032,512)	(462,554,206)	(490,032,512)	(462,554,206)
Administrative expenses		(303,146,808)	(263,561,896)	(273,707,827)	(257,203,592)
Profit from operations	7	398,361,348	316,513,997	427,800,329	322,872,301
Net finance expenses	8	(106,174,363)	(59,123,601)	(106,174,363)	(59,123,601)
Share of profit/(loss) of equity accounted investee, net of tax	16.2	36,730,201	(5,733,164)	-	-
Profit before tax		328,917,186	251,657,232	321,625,966	263,748,700
Income tax expense	9	(96,919,825)	(66,888,423)	(96,919,825)	(66,888,423)
Profit for the year		231,997,361	184,768,809	224,706,141	196,860,277
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Actuarial loss on employee benefit obligations		(4,399,450)	(709,795)	(4,399,450)	(709,795)
Revaluation of property, plant and equipment		-	168,987,105	-	168,987,105
Share of OCI of equity accounted investee, net of tax		-	11,599,223	-	-
Related tax	26	1,231,846	(75,956,252)	1,231,846	(75,956,252)
Other comprehensive income for the year net of tax		(3,167,604)	103,920,281	(3,167,604)	92,321,058
Total comprehensive income for the year		228,829,757	288,689,090	221,538,537	289,181,335
Earnings per share					
Basic earnings per share (Rs.)	10			10.31	9.03

The Notes to the Financial Statements from pages 66 to 108 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 2019 Rs.	Company and Investee 2018 Rs.	Company 2019 Rs.	Company 2018 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	872,315,668	852,736,597	872,315,668	852,736,597
Investment property	14	295,000,000	280,000,000	295,000,000	280,000,000
Investment in equity accounted investee	16	56,751,145	20,020,944	51,200,000	21,761,019
Total non-current assets		1,224,066,813	1,152,757,541	1,218,515,668	1,154,497,616
Current assets					
Inventories	17	1,846,445,397	1,676,332,970	1,846,445,397	1,676,332,970
Trade and other receivables	18	1,972,629,349	2,161,456,122	1,972,629,349	2,161,456,122
Amount due from related companies	19	27,411,010	84,473,058	27,411,010	84,473,058
Value added tax recoverable		575,758,110	394,906,105	575,758,110	394,906,105
Deposits and prepayments		14,782,199	14,280,620	14,782,199	14,280,620
Cash and cash equivalents	20	1,164,099,136	671,656,354	1,164,099,136	671,656,354
Total current assets		5,601,125,201	5,003,105,229	5,601,125,201	5,003,105,229
Total assets		6,825,192,014	6,155,862,770	6,819,640,869	6,157,602,845
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	218,000,000	218,000,000	218,000,000	218,000,000
Capital reserves	22	404,949,947	404,949,947	353,276,640	353,276,640
General reserves	23	431,136,000	431,136,000	431,136,000	431,136,000
Retained earnings	24	2,631,157,800	2,632,861,648	2,677,279,962	2,686,275,030
Total equity		3,685,243,747	3,686,947,595	3,679,692,602	3,688,687,670
Non-current liabilities					
Employee benefits	25	113,793,053	94,980,418	113,793,053	94,980,418
Deferred taxation	26	57,750,043	124,782,310	57,750,043	124,782,310
Interest bearing borrowings	27	7,876,972	11,100,768	7,876,972	11,100,768
Total non-current liabilities		179,420,068	230,863,496	179,420,068	230,863,496
Current liabilities					
Trade and other payables	28	667,959,369	1,343,436,799	667,959,369	1,343,436,799
Amount due to related companies	29	485,666,790	281,230,653	485,666,790	281,230,653
Current taxation	30	337,060,199	290,895,714	337,060,199	290,895,714
Unclaimed dividends	31	13,394,318	12,111,368	13,394,318	12,111,368
Interest bearing borrowings	27	1,115,220,908	230,961,000	1,115,220,908	230,961,000
Bank overdrafts	20	341,226,615	79,416,145	341,226,615	79,416,145
Total current liabilities		2,960,528,199	2,238,051,679	2,960,528,199	2,238,051,679
Total liabilities		3,139,948,267	2,468,915,175	3,139,948,267	2,468,915,175
Total equity and liabilities		6,825,192,014	6,155,862,770	6,819,640,869	6,157,602,845

The Notes to the Financial Statements from pages 66 to 108 form an integral part of these Financial Statements.

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

Hemamala Karunasekara
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved for and on behalf of the Board of Directors:

U. G. Madanayake
Chairman

Suren Madanayake
Deputy Chairman

26 July 2019
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 2017	218,000,000	300,457,528	431,136,000	2,524,964,977	3,474,558,505
Profit for the year	-	-	-	184,768,809	184,768,809
Other comprehensive income for the year	-	104,492,419	-	(572,138)	103,920,281
Total Comprehensive Income for the year	-	104,492,419	-	184,196,671	288,689,090
Interim dividend - 2016/17	-	-	-	(76,300,000)	(76,300,000)
Balance as at 31 March 2018	218,000,000	404,949,947	431,136,000	2,632,861,648	3,686,947,595
Balance as at 1 April 2018	218,000,000	404,949,947	431,136,000	2,632,861,648	3,686,947,595
Adjustment on initial application of SLFRS 09	-	-	-	(214,213,340)	(214,213,340)
Tax effect arising on initial application of SLFRS 09				59,979,735	59,979,735
Profit for the year	-	-	-	231,997,361	231,997,361
Other comprehensive income for the year	-	-	-	(3,167,604)	(3,167,604)
Total Comprehensive Income for the year	-	-	-	74,596,152	74,596,152
Interim dividend - 2017/18	-	-	-	(76,300,000)	(76,300,000)
Balance as at 31 March 2019	218,000,000	404,949,947	431,136,000	2,631,157,800	3,685,243,747

Company

	Stated Capital Rs.	Capital Reserves Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1 April 2017	218,000,000	260,444,530	431,136,000	2,566,225,805	3,475,806,335
Profit for the year	-	-	-	196,860,277	196,860,277
Other comprehensive income for the year	-	92,832,110	-	(511,052)	92,321,058
Total Comprehensive Income for the year	-	92,832,110	-	196,349,225	289,181,335
Interim dividend - 2016/17	-	-	-	(76,300,000)	(76,300,000)
Balance as at 31 March 2018	218,000,000	353,276,640	431,136,000	2,686,275,030	3,688,687,670
Balance as at 1 April 2018	218,000,000	353,276,640	431,136,000	2,686,275,030	3,688,687,670
Adjustment on initial application of SLFRS 09	-	-	-	(214,213,340)	(214,213,340)
Tax effect arising on initial application of SLFRS 09				59,979,735	59,979,735
Profit for the year	-	-	-	224,706,141	224,706,141
Other comprehensive income for the year	-	-	-	(3,167,604)	(3,167,604)
Total Comprehensive Income for the year	-	-	-	67,304,932	67,304,932
Interim dividend - 2017/18	-	-	-	(76,300,000)	(76,300,000)
Balance as at 31 March 2019	218,000,000	353,276,640	431,136,000	2,677,279,962	3,679,692,602

The Notes to the Financial Statements from pages 66 to 108 form an integral part of these Financial Statements.

Statement of Cashflow

For the year ended 31 March,	Company and Investee 2019 Rs.	Company and Investee 2018 Rs.	Company 2019 Rs.	Company 2018 Rs.
Cash flow from operating activities				
Profit before tax	328,917,186	251,657,232	321,625,966	263,748,700
Adjustments for:				
Share of (profit)/loss from equity accounted investee, net of tax	(36,730,201)	5,733,164	-	-
Rerversal of impairment of the associate	-	-	(29,438,981)	(6,358,304)
Interest income	(16,336,939)	(15,153,045)	(16,336,939)	(15,153,045)
Interest expense	89,639,355	70,542,950	89,639,355	70,542,950
Change in fair value of investment property	(15,000,000)	(26,250,000)	(15,000,000)	(26,250,000)
Depreciation of property, plant and equipment	70,072,282	76,724,991	70,072,282	76,724,991
Provision for Impairment of trade and other receivables	464,514	8,447,306	464,514	8,447,306
Provision for obsolete and slow moving inventories	27,316,836	1,003,572	27,316,836	1,003,572
Provision for employee benefits	18,941,039	17,717,752	18,941,039	17,717,752
Operating profit before working capital changes	467,284,072	390,423,922	467,284,072	390,423,922
Changes in working capital				
Increase in inventories	(197,429,263)	(29,114,584)	(197,429,263)	(29,114,584)
Increase in trade and other receivables	(25,851,081)	(190,248,405)	(25,851,081)	(190,248,405)
Decrease in amount due from related companies	57,062,048	37,001,719	57,062,048	37,001,719
Increase in deposits and prepayments and value added tax recoverable	(181,353,584)	(151,832,861)	(181,353,584)	(151,832,861)
Increase/ (decrease) in trade and other payables	(675,477,430)	222,419,901	(675,477,430)	222,419,901
Increase/ (decrease) in amount due to related companies	204,343,691	(112,262,945)	204,343,691	(112,262,945)
Cash generated from/ (used in) operations	(351,421,547)	166,386,747	(351,421,547)	166,386,747
Gratuity paid	(4,435,408)	(6,758,790)	(4,435,408)	(6,758,790)
Current tax paid	(56,576,026)	(8,105,667)	(56,576,026)	(8,105,667)
Interest paid	(89,639,355)	(70,542,950)	(89,639,355)	(70,542,950)
Net cash generated from/ (used in) operating activities	(502,072,336)	80,979,340	(502,072,336)	80,979,340
Cash flow from investing activities				
Acquisition of property, plant and equipment	(89,651,353)	(97,362,348)	(89,651,353)	(97,362,348)
Cash proceeds from Sri Lanka Development Bonds	-	164,143,800	-	164,143,800
Interest received	16,336,939	15,153,045	16,336,939	15,153,045
Net cash generated/(used) in investing activities	(73,314,414)	81,934,497	(73,314,414)	81,934,497
Cash flow from financing activities				
Dividend paid	(75,017,050)	(75,291,453)	(75,017,050)	(75,291,453)
Loans obtained during the year	1,542,270,842	730,600,000	1,542,270,842	730,600,000
Loans repayments during the year	(661,234,730)	(520,379,232)	(661,234,730)	(520,379,232)
Net cash generated from financing activities	806,019,062	134,929,315	806,019,062	134,929,315
Net increase in cash and cash equivalents	230,632,312	297,843,152	230,632,312	297,843,152
Cash and cash equivalents at beginning of the year	592,240,209	294,397,057	592,240,209	294,397,057
Cash and cash equivalents at the end of the year (Note 20)	822,872,521	592,240,209	822,872,521	592,240,209

The Notes to the Financial Statements from pages 66 to 108 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, Weweldùwa, Kelaniya.

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

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

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

Ultimate Parent

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

1.2. Principal Activities and Nature of Operations

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

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

1.3. Number of Employees

The number of employees of the Company as at 31 March 2019 was 521 (2018 – 528).

1.4. Date of Authorization for Issue

The Financial Statements of the Company for the year ended 31 March 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 26 July 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of Measurement

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

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

2.3 Comparative Figures

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

2.4 Functional and Presentation Currency

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

2.5 Use of Estimates and Judgments

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

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

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

- Current taxation (Note 3.4 (a))
- Deferred taxation and utilization of tax losses (Note 3.4 (b))
- Measurement of Employee benefits (Note 3.14)
- Provisions and contingencies (Note 3.15 and 3.16)
- Impairment of assets (Note 3.12)

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 Changes in Significant Accounting Policies

The Company has adopted SLFRS 15 Revenue from Contracts with Customers and SLFRS 9 Financial Instruments from 1 April 2018.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these Financial Statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying these standards in mainly attributed to the following;

- An increase in impairment losses recognised on financial assets.
- Changes in classification of financial instruments.

3.1.1 SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15 revenue from contracts with customers, an entity should recognise as revenue the amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services excluding amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

3.1.1.1 Impact on the adoption of SLFRS 15 as at 1 April 2018

The board of directors of the company have carried out an internal assessment on the impact of adopting SLFRS 15 and concluded that the adoption of SLFRS 15 has no significant effect on the Company's revenue recognition criteria.

3.1.2 SLFRS 9 Financial Instruments

SLFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell nonfinancial items. The standards replaces LKAS 39 Financial Instruments: Recognition and Measurement.

As a result of adoption of SLFRS 9, the Company has adopted consequential amendments to LKAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the Statement of Profit or Loss and OCI. Impairment loss on financial assets are presented under "other expenses", similar to the presentation under LKAS 39, and not presented separately in the Statement of Profit or Loss and OCI due to materiality considerations.

3.1.2.1 Impact on the adoption of SLFRS 9 as at 1 April 2018

The following table summarises the impact, net of tax of transition to SLFRS 9 on the opening balance of reserves, retained earnings as at 1 April 2018.

As at 1 April 2018	Impact of adopting SLFRS 9 as at 1 April 2018 (Rs.)
Retained earnings	
Recognition of expected credit losses under SLFRS 9	
- Trade receivables	214,213,340
Total impact on retained earnings	214,213,340

3.1.2.2 Classification and Measurement of Financial Assets and Financial Liabilities

SLFRS 9 contains three principal classification categories for financial assets; measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL). The classification of financial assets under SLFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 9 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale.

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities.

The adoption of SLFRS 9 has no significant effect on the Company's accounting policies related to financial liabilities.

The following table explains the original measurement categories under LKAS 39 and the new measurement categories under SLFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

The effect of adopting SLFRS 9 on the carrying amounts of financial assets as at 1 April 2018 relates solely to the new impairment requirements.

Financial Assets	Original Classification under LKAS 39	New Classification under SLFRS 9	Original Carrying amount under LKAS 39 (Rs.)	New Carrying amount under SLFRS 9 (Rs.)
Trade & other receivables	Loans and receivables	Amortised cost	1,947,242,782	1,947,242,782
Amount due from related companies	Loans and receivables	Amortised cost	84,473,058	84,473,058
Deposits	Loans and receivables	Amortised cost	7,344,347	7,344,347
Cash and cash equivalents	Loans and receivables	Amortised cost	671,656,354	671,656,354
Total financial assets			2,710,716,541	2,710,716,541

a) Trade & Other receivables that were classified as loans and receivables under LKAS 39 are now classified at amortised cost. The increase of Rs.214 Mn in the allowance for impairment over these receivables was recognised in opening retained earnings as at 1 April 2018 on transition of SLFRS 9.

b) Deposits that were classified as loans and receivables under LKAS 39 are now classified at amortised cost.

c) Amount due from related companies that were classified as loans and receivables under LKAS 39 are now classified at amortised cost.

d) Cash and cash equivalents includes cash in hand, balances with banks and short term monetary investment with maturities less than 3 months. These were classified as loans and receivables under LKAS 39 and now as amortised cost.

The effect of adopting SLFRS 9 on the carrying amounts of financial liabilities as at 1 April 2018 is as follows.

Financial Assets	Original Classification under LKAS 39	New Classification under SLFRS 9	Original Carrying amount under LKAS 39 (Rs.)	New Carrying amount under SLFRS 9 (Rs.)
Trade and other payables	Other financial liabilities	Other financial liabilities	1,343,436,799	1,343,436,799
Amount due to related companies	Other financial liabilities	Other financial liabilities	281,230,653	281,230,653
Interest bearing borrowings	Other financial liabilities	Other financial liabilities	242,061,768	242,061,768
Bank overdrafts	Other financial liabilities	Other financial liabilities	79,416,145	79,416,145
Unclaimed dividends	Other financial liabilities	Other financial liabilities	12,111,368	12,111,368
Total Financial Liabilities			1,958,256,733	1,958,256,733

There were no changes of the carrying amounts of financial liabilities under LKAS 39 to the carrying amounts under SLFRS 9 on transition to SLFRS 9 on 1 April 2018.

The following table reconciles the carrying amounts of financial assets under LKAS 39 to the carrying amount under SLFRS 9 on transition to SLFRS 9 on 1 April 2018.

Financial Assets	LKAS 39 carrying amount as at 31 March 2018 (Rs.)	Re-measurement (Rs.)	SLFRS 9 carrying amount as at 1 April 2018 (Rs.)
Trade receivables			
Brought forward : Loans and receivables	2,145,873,483		
Re-measurement		(214,213,340)	
Carried forward: Amortised cost			1,931,660,143

3.1.2.3 Impairment of Financial Assets

SLFRS 9 replaces the "incurred loss model" in LKAS 39 with an "expected credit loss model" (ECL). The new impairment model applies to financial assets carried at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under SLFRS 9, credit losses are recognised earlier than under LKAS 39.

For assets in the scope of the SLFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

3.1.2.4 Transition

Changes in accounting policies resulting from the adoption of SLFRS 9 have been applied retrospectively, except as described below

The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SLFRS 9 are adjusted in retained earnings as at 1 April 2018. Accordingly, the information presented for the financial year 2017/18 does not generally reflect the requirements of SLFRS 9, but rather those of LKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held
- The designation and revocation of previous designation of certain financial assets and financial liabilities as measured at FVTPL
- The designation of certain investments in equity instruments not held for trading as FVTOCI

3.2 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.

3.2.1 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.

3.2.2 Financial Period

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

Notes to the Financial Statements

3.3 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.

3.4 Income Tax Expense

Income tax expenses comprise of current & deferred tax expenses recognized in the Statement of Comprehensive Income.

(a) Current Tax

The Company's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017.

(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.

3.5 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.

3.6 Property, Plant and Equipment

a) Cost and Valuation

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

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

Cost Model

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

Revaluation Model

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

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

b) *Derecognition*

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

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 derecognized.

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 derecognized.

e) *Capital work in progress*

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work in progress whilst, the capital assets which have been completed during the year and put to use have been transferred to property, plant and equipment.

f) *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.

3.7 Investment Property

Properties held to earn rental income or properties held for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration, and is not intended for sale in the ordinary course of business have been classified as investment property.

Investment properties are initially recognized at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflects market conditions as at reporting date.

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

Land of the Company classified as investment property is valued every years by an independent valuer to ensure that the carrying amounts do not do not differ from the fair values at the Reporting date.

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

3.8 Investments in Associates

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

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

The Financial Statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

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

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

3.9 Inventories

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

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

Raw Material	:	At actual cost of weighted average basis
Work-in-Progress	:	At the actual cost of direct materials weighted average basis, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Finished Goods	:	At the actual cost of direct materials weighted average basis, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
Finished goods purchased	:	At actual cost of weighted average basis
Goods in Transit	:	At Actual cost

3.10 Financial Instruments

Financial assets – Accounting - policy applicable from 1 April 2018

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 April 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 April 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Notes to the Financial Statements

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets - Policy applicable prior to 1 April 2018
The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
  - held for trading
  - derivative hedging instruments; or
  - designated as at FVTPL

Financial assets - Subsequent measurement and gains and losses: Policy applicable prior to 1 April 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Derecognition
Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.11 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.

3.12 Impairment of Assets

3.12.1 Financial assets (including receivables)

Non-derivative financial assets

Impairment policy: applicable from 1 April 2018

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when there is no reasonables expectation of recovery due based on historical experience of recoveries of similar assets.

For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Impairment Policy: applicable prior to 1 April 2018

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

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

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

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

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

3.12.2 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.

3.13 Non-derivative financial liabilities

Financial liabilities – Accounting - policy applicable from 1 April 2018

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities – Accounting - policy applicable prior to 1 April 2018

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.

3.14 Employee benefits

3.14.1 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.

3.14.2 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.

3.14.3 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 loses

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

3.15 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.

3.16 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

3.17 Revenue

Accounting policy applicable after 1 April 2018

Revenue from contract with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue is measured net of returns, trade discounts and volume rebates. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Other Income

Gains/losses on the disposal of investments held by the Group have been accounted for as other income in profit or loss. Gains / losses on the disposal of property, plant and equipment determined by reference to the carrying amount and related expenses, have been accounted for as other income in profit or loss.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Accounting policy applicable prior to 1 April 2018

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.

3.18 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.

3.19 Related party disclosure

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

3.20 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.

3.21 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 effective as at the reporting date

SLFRS 16 Leases

SLFRS 16 replaces LKAS 17 Leases and related interpretations (IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease) with effect from 1 April 2019.

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17.

The standard includes two recognition exemptions for lessees- leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resu1ting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under SLFRS 16 is substantially unchanged from the current requirements under LKAS 17. Lessors will continue to classify all leases using the same classification principle as in LKAS 17 and distinguish between two types of leases: operating and finance leases.

The Companey is assessing the potential impact on its financial statements resulting from the application of SLFRS 16. The management is of the opinion that it would not have a significant impact on the Company's financial statements.

Other standards
The following amended standards and the interpretations are not expected to have a significant impact on the Company's financial statements.

Effective Date -1 April 2019
- IFRIC 23 Uncertainty over Tax Treatments.
- Prepayment features with negative compensation (Amendments to SLFRS 9).
- Long- term interests in Associates and Joint Ventures (Amendments to LKAS 28).
- Plan Amendment, Curtailment or settlement (Amendment to LKAS 19).
- Annual Improvements to SLFRS Standards 2015-2017 Cycle - various standards.
- Annual Improvements to SLFRS 3-Business combinations, SLFRS 11 – Joint Arrangements, LKAS 12 Income Taxes.

Effective Date -1 April 2020
- Amendments to References to Conceptual Framework in SLFRS standards
- Amendments to LKAS 1 and LKAS 8
- Amendments to SLFRS 3

Effective Date -1 April 2022
- SLFRS 17 Insurance Contract

For the year ended 31 March,	Company and Investee / Company 2019 Rs.	2018 Rs.
5. REVENUE		
Local Sales		
Manufacturing and fabrication	6,162,411,036	5,952,092,736
Trading	943,345,455	853,491,252
Export sales	1,386,725,787	1,188,780,365
	8,492,482,278	7,994,364,353
6. OTHER INCOME		
Sundry sales and Sundry Income (Note 6.1)	11,088,716	9,841,523
	11,088,716	9,841,523

6.1. Sundry sales includes sale of scraps and raw materials etc.

For the year ended 31 March,	Company and Investee / Company 2019 Rs.	2018 Rs.
7. PROFIT FROM OPERATIONS		
Profit from operation is stated after charging all expenses including the following.		
Directors emoluments/ fee	17,780,000	14,990,000
Auditors remuneration		
Statutory audit	727,637	717,822
Audit related services	158,309	51,622
Depreciation on property, plant and equipment	70,072,282	76,724,991
Provision for obsolete and slow moving inventories	27,316,836	1,003,572
Inventory write off	8,195,560	4,100,509
Provision for impairment of trade and other receivables	464,514	8,447,306
Donations	18,000	20,000
Staff Costs - (Note 7.1)	597,461,210	562,472,616
Reversal of provision for the fall in value of investment in associate	(29,438,981)	(6,358,304)

Notes to the Financial Statements

7. PROFIT FROM OPERATIONS (Contd.)

For the year ended 31 March,	Company and Investee / Company 2019 Rs.	2018 Rs.
7.1 Staff Cost		
Defined contribution plan cost-EPF,ETF	38,936,346	36,573,330
Defined benefit plan cost-retiring gratuity	18,941,039	17,717,752
Salaries, wages and related cost	422,249,483	398,864,940
Staff cost other than above	117,334,342	109,316,594
	597,461,210	562,472,616

8. NET FINANCE EXPENSES

	2019 Rs.	2018 Rs.
Finance income		
Interest from foreign currency deposits	15,693,467	11,128,988
Interest from local currency deposits	643,472	564,129
Interest from loans granted to Holding- Company	-	3,459,928
	16,336,939	15,153,045
Finance expenses		
Net loss on translation of foreign currency	(32,871,947)	(3,733,696)
Bank overdraft interest	(19,607,802)	(9,503,633)
Interest on bank loans	(36,599,252)	(26,826,945)
Interest on trade bills	(26,937,128)	(28,549,437)
Interest on distributor deposits	(6,495,173)	(5,662,935)
	(122,511,302)	(74,276,646)
Net finance expenses	(106,174,363)	(59,123,601)

9. INCOME TAX EXPENSE

	2019 Rs.	2018 Rs.
Current tax expense		
Current tax expense - (Note 9.1)	102,740,511	77,039,154
	102,740,511	77,039,154
Deferred tax reversal		
Deferred tax liability reversed / (originated) during the year	3,832,721	(8,211,212)
Deferred tax assets originated during the year	(9,653,407)	(1,939,519)
	(5,820,686)	(10,150,731)
	96,919,825	66,888,423

Income tax provision of the Company has been computed on the adjusted taxable profits at 28% in terms of Inland Revenue Act No. 24 of 2017.

For the year ended 31 March,	Company and Investee / Company 2019 Rs.	2018 Rs.
9.1 Reconciliation of accounting profit to income tax expense		
Profit before tax	321,625,966	263,748,700
Aggregate disallowable expenses	93,451,558	126,838,563
Aggregate allowable expenses	(33,147,070)	(52,891,569)
Income not liable for tax	(15,000,056)	(37,379,066)
Total statutory income	366,930,398	300,316,628
Taxable Income	366,930,398	300,316,628
Income Tax charged at		
Concessionary rate of 12%	-	5,287,126
Standard rate of 28%	102,740,511	71,752,028
Income tax on current year profits	102,740,511	77,039,154
9.2 Recognition of deferred tax expenses in the comprehensive income		
Profit or loss - (Note 26.2)	(5,820,686)	(10,150,731)
Other comprehensive income - (Note 26.2)	(61,211,581)	75,956,252
	(67,032,267)	65,805,521

10. EARNINGS PER SHARE

Basic Earnings per Share

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

For the year ended 31 March,	Company 2019	2018
Profit attributable to ordinary shareholders - (Rs.)	224,706,141	196,860,277
Weighted average number of ordinary shares	21,800,000	21,800,000
Basic Earnings per share (Rs.)	10.31	9.03

11. DIVIDEND PER SHARE

Interim dividend declared - 2016/17 - (Rs.)	-	76,300,000
Interim dividend declared - 2017/18 - (Rs.)	76,300,000	-
	76,300,000	76,300,000
Gross dividend - (Rs.)	76,300,000	76,300,000
Number of shares	21,800,000	21,800,000
Dividend per share - (Rs.)	3.50	3.50

12. PROPERTY, PLANT AND EQUIPMENT

	Company and Investee / Company								
	Freehold land	Buildings	Furniture, fittings and office equipment	Business Machines	Motor Vehicles	Plant, machinery, and electrical fittings	Capital work-in -progress	Total 2019	Total 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost									
Balance as at 1 April	315,500,000	243,919,100	24,164,147	45,177,846	93,195,604	632,877,890	65,224,037	1,420,058,624	1,239,670,098
Additions during the year	-	114,130	905,698	2,055,252	49,895,000	2,977,461	33,703,812	89,651,353	97,362,348
Surplus on revaluation	-	-	-	-	-	-	-	-	168,987,105
Transfers during the year	-	11,813,605	-	-	-	40,516,343	(52,329,948)	-	-
Accumulated depreciation transferred	-	-	-	-	-	-	-	-	(85,960,927)
Balance as at 31 March	315,500,000	255,846,835	25,069,845	47,233,098	143,090,604	676,371,694	46,597,901	1,509,709,977	1,420,058,624
Accumulated depreciation									
Balance as at 1 April	-	-	18,638,512	38,755,788	68,137,652	441,790,075	-	567,322,027	576,557,963
Charge for the year	-	17,097,989	1,222,938	2,881,766	10,435,106	38,434,483	-	70,072,282	76,724,991
Accumulated depreciation transferred	-	-	-	-	-	-	-	-	(85,960,927)
Balance as at 31 March	-	17,097,989	19,861,450	41,637,554	78,572,758	480,224,558	-	637,394,309	567,322,027
Carrying value									
As at 31 March 2019	315,500,000	238,748,846	5,208,395	5,595,544	64,517,846	196,147,136	46,597,901	872,315,668	
As at 31 March 2018	315,500,000	243,919,100	5,525,635	6,422,058	25,057,952	191,087,815	65,224,037		852,736,597

12.1 Capital work in progress as at the reporting date included expenses incurred for buildings being constructed in Kelaniya which are to be completed in next financial year.

12.2 Land and building caried at reavalued amount as at 31 March 2018

Property owned by Kelani Cables PLC	Extent		No of buildings	Method of valuation	Date of Valuation	Valuer	Revalued Amount		Carrying value after revaluation	Carrying value if carried at cost
	Land (Perches)	Buildings (Square feet)					Land	Building		
							Rs.	Rs.	Rs.	Rs.
Land and building situated at Wewelduwa, Kelaniya	1,041.50	107,108	18	Market comparable method	3/31/18	Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka	293,000,000	178,009,100	471,009,100	186,839,355
Land and building situated at Mahena Road, Siyamblape South, Siyamblape	172.80	32,398	4	Market comparable method	3/31/18	Mr. Senanayake Bandara, a fellow Member of Institute of Valuers of Sri Lanka	22,500,000	65,910,000	88,410,000	17,616,093
							315,500,000	243,919,100	559,419,100	204,455,448

The land and building were revalued as at 31st March 2018, by Mr. Senanayake Bandara, a Fellow Member of Institute of Valuers of Sri Lanka. The surplus on revaluation of Rs. 168,987,105/- relating to land and building were incorporated in the financial statements on 31 March 2018. Such assets were valued in an open market value for existing use basis, the surplus arising from the revaluation was transfered to the revaluation reserve.

Number of buildings as at 31 March 2019 - 23

12.3 Significant unobservable inputs used in measuring fair value

The table below sets out the significant unobservable inputs used in measuiring land and building catergorised as Level 3 in the fair value hierachy as at 31 March 2018.

Location and address of Property	Method of Valuation	Significant unobservable inputs	Range of enstimats for unobervble inputs	Estimated fair value would increase or decrease if
Wewelduwa, Kelaniya	Market comparable method	Land - Price per perch	Rs. 281,325/-	Price per perch for land increases/(decreases)
		Building -Price per square feet	Rs.1,662/-	Price per square feet for building increases/(decreases)
Mahena Road, Siyamblape South, Siyamblape	Market comparable method	Land - Price per perch	Rs. 130,208/-	Price per perch for land increases/(decreases)
		Building -Price per square feet	Rs.2,034/-	Price per square feet for building increases/(decreases)

Market comparable method

Market comparable method cosidered the selling price of a similar property within a reasonable period of time in determining the fair value of the proerty being revalued. This involes evaluation of recent active market prices of similar assets, making appropriate adjustment for differences in size, nature, location and condition of the specific property. In this process, outlier transaction, indicative of particularly motivated buyers or sellers are compensated for, since the price may not adequately reflect the fair market value.

As at 31 March,	Company and Investee / Company 2019 Rs.	2018 Rs.
12.4 The cost of fully depreciated assets as at the reporting date is as follows.		
Furniture, fittings and office equipment	12,902,663	12,127,576
Business machines	35,043,100	29,203,756
Motor vehicles	49,987,529	49,473,429
Plant, machinery and electrical fittings	174,982,216	168,566,972
	272,915,508	259,371,733

12.5 Property, plant and equipment pledged as security

No property, plant and equipment pledged as security as at 31 March 2019 (31 March 2018 - 76.4 Mn).

12.6 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Company as at the reporting date.

12.7 Assessment of impairment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2019. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect to property, plant and equipment.

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
13. INTANGIBLE ASSETS		
Computer Software		
Cost		
Balance as at 1 April	5,822,751	5,822,751
Balance as at 31 March	5,822,751	5,822,751
Amortization		
Balance as at 1 April	5,822,751	5,822,751
Balance as at 31 March	5,822,751	5,822,751
Carrying value as at 31 March	-	-

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
14. INVESTMENT PROPERTY		
Balance as at 1 April	280,000,000	253,750,000
Change in fair value	15,000,000	26,250,000
Balance as at 31 March	295,000,000	280,000,000

Increase 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 bare land owned by the Company.

Location	Extent	Carrying value Rs.
Ekala	13A .00R .02P	295,000,000

14.2 Measurement of fair value

Investment properties of the Company are accounted for on the fair value model. The value has been determined on the fair value basis using market evidence. The last valuation was carried out by a independent professional valuer Mr. Senanayake Banara, a Fellow Member of Institute of Valuers of Sri Lanka, as at 31 March 2019.

Valuation Technique - Market comparable method

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

Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs	Carrying Value before Revaluation of Land Rs.	Revaluated amount of land Rs.	Revaluation gain recognized on land Rs.	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Market comparable method	Rs.22,750,000/- per acre	280,000,000	295,000,000	15,000,000	Price per perch for land	Estimated fair value would increase (decrease) if; Price per Perch of land increases (decreases)

14.3 As per the Inland Revenue Act No 24 of 2017 which has been legislated and has become effective from 1 April 2018, Company will be liable for capital gain tax at rate of 10% on the revaluation surplus in excess of the deemed cost of investment assets as at 30 September 2017. Accordingly deferred tax liability has been recognized in the financial statements.

15. INVESTMENT IN SUBSIDIARY

	Company and Investee / Company			
	Company Holding	No. of Shares	2019 Rs.	2018 Rs.
Kelani Electrical Accessories (Pvt) Limited				
Cost	100%	8	80	80
Provision for investment			(80)	(80)
			-	-

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

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

As at 31 March	Company 2019 Rs.	2018 Rs.
16. INVESTMENT IN EQUITY ACCOUNTED INVESTEE		
Investment in ACL-Kelani Magnet Wire (Private) Limited	51,200,000	51,200,000
Provision for impairment of the associate (Note 16.1)	-	(29,438,981)
	51,200,000	21,761,019
16.1 Provision for impairment of the associate		
Balance as at 1 April	29,438,981	35,797,285
Reversal during the year	(29,438,981)	(6,358,304)
Balance as at 31 March	-	29,438,981

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

Pursuant to the Associate's plan to merge with ACL Cables PLC, the ultimate parent company, and continue in operation as a department of the ultimate parent, all plant and machineries of the Associate were sold and all employees of the Associate transferred to ACL Cables PLC on 27th and 28th February 2019 respectively. Effective 28th February the Associate ceased commercial operations and intends to sell the remaining assets to related Companies on demand.

The Board of Directors are of the opinion that no asset of the Associate Company is likely to be realised for an amount less than the amount at which it is recorded in the Associate's financial statements as at 31 March 2019.

Based on the internal assessment, Company has reversed the provision for impairment amounting to Rs.29, 438,981/- during the year on the investment in associate in the separate financial statements of the Company since the Board of Directors are certain that the company can recover the investment made in associate company amounting to Rs.51,200,000/- and further are of the view that the Associate's plan to merge with ACL Cables PLC will materialize in the near future.

As at 31 March	Company and Investee 2019 Rs.	2018 Rs.
16.2 Value of the investment	Rs.	Rs.
Balance as at 1 April	20,020,944	14,154,885
Share of comprehensive income during the year		
Included in profit or loss (Note 16.2.1)	36,730,201	(5,733,164)
Included in other comprehensive income (Note 16.2.2)	-	11,599,223
Included in comprehensive income (Note 16.4)	36,730,201	5,866,059
Investment in equity accounted investee	56,751,145	20,020,944

As at 31 March	Company and Investee 2019 Rs.	2018 Rs.
16.2.1 Included in profit or loss		
Share of profit/(loss) before Tax	33,189,167	(4,885,420)
Share of income tax charge	3,541,034	(847,744)
Share of profit of equity accounted investee, net of tax	36,730,201	(5,733,164)
16.2.2 Included in other comprehensive income		
Share of other comprehensive income before tax	-	21,914,946
Related tax	-	(10,315,723)
Share of other comprehensive income of the equity accounted investee, net of tax	-	11,599,223

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

As at 31 March	2019 Rs.	2018 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	-	272,093,559
Current assets	293,671,971	100,980,898
Non-current liabilities	-	(41,006,247)
Current liabilities	(98,636,225)	(259,507,293)
Net assets (100%)	195,035,746	72,560,917
Company's share of net assets (29.99%)	58,491,220	21,761,019

16. INVESTMENT IN EQUITY ACCOUNTED INVESTEE (Contd .)

For the year ended 31 March	Company and Investee 2019 Rs.	2018 Rs.
16.4 Financial performance of equity accounted investee		
Revenue (100%)	183,233,290	41,919,099
Profit/(loss) for the year, net of tax (100%)	122,474,829	(19,116,920)
Other comprehensive income (100%)	-	38,676,967
Comprehensive income (100%)	122,474,829	19,560,047
Company's 29.99% share of comprehensive income	36,730,201	5,866,059
Share of comprehensive income, net of tax	36,730,201	5,866,059

As at 31 March	Company and Investee 2019 Rs.	2018 Rs.
17. INVENTORIES		
Raw materials	511,191,490	344,936,758
Work-in-progress	301,036,288	268,494,354
Finished goods	1,027,237,123	971,527,478
Consumable stocks	88,381,642	90,759,560
	1,927,846,543	1,675,718,150
Provision for obselete and slow moving inventories (Note 17.1)	(117,951,148)	(93,243,012)
	1,809,895,395	1,582,475,138
Goods in transit	36,550,002	93,857,832
	1,846,445,397	1,676,332,970
17.1 Provision for obselete and slow moving inventories		
Balance as at 1 April	93,243,012	92,239,440
Provision for the year	27,316,836	1,003,572
Wite off of inventories	(2,608,700)	-
Balance as at 31 March	117,951,148	93,243,012

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
18. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,265,818,384	2,240,406,658
Provision for impairment of trade receivables (Note -18.1)	(306,550,755)	(94,533,175)
	1,959,267,629	2,145,873,483
Staff Loans	5,223,283	4,269,280
Other receivables	8,725,629	11,313,359
Provision for impairment of other receivables (Note -18.2)	(587,192)	-
	13,361,719	15,582,639
	1,972,629,349	2,161,456,122
18.1 Provision for impairment of trade receivables		
Balance as at 1 April	94,533,175	86,955,591
Adjustment due to initial application of SLFRS 9	214,213,340	-
	308,746,515	86,955,591
Provision/(reversal) made during the year	(122,678)	8,447,306
Write-off during the year	(2,073,082)	(869,722)
Balance as at 31 March	306,550,755	94,533,175

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. As at 31 March 2019, the main components of this allowance are a specific loss component that relates to individually significant exposures amounting to Rs.72,243,461/-, and a collective loss component established for groups of similar assets in respect of losses that are expected to be incurred in the future, amounting to Rs.234,307,294/-. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets adjusted for probable macro economic conditions.

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
18.2 Provision for impairment of other receivables		
Balance as at 1 April	-	-
Provision for impairment of other receivables	587,192	-
Balance as at 31 March	587,192	-

	As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
19.	**AMOUNT DUE FROM RELATED COMPANIES**		
	ACL Cables PLC	27,411,010	-
	ACL-Kelani Magnet Wire (Private) Limited	-	84,473,058
		27,411,010	84,473,058
20.	**CASH AND CASH EQUIVALENTS**		
	Cash in hand and at bank	1,164,099,136	671,656,354
	Cash and cash equivalents	1,164,099,136	671,656,354
	Bank overdraft	(341,226,615)	(79,416,145)
	Cash and cash equivalents in the statement of cash flows	822,872,521	592,240,209

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

	As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
21.	**STATED CAPITAL**		
	Issued and fully paid		
	21,800,000 Ordinary shares (31/03/18 - 21,800,000)	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.

As at 31 March	Company and Investee 2019 Rs.	Company and Investee 2018 Rs.	Company 2019 Rs.	Company 2018 Rs.
22. CAPITAL RESERVES				
Revaluation reserve (Note 22.1)	404,424,947	404,424,947	352,751,640	352,751,640
Capital redemption reserve fund (Note 22.2)	525,000	525,000	525,000	525,000
	404,949,947	404,949,947	353,276,640	353,276,640

22.1 Revaluation reserves

Revaluation reserve relates to the resultant surplus on revaluation of land and buildings of the Company, net of related tax.

22.2 Capital redemption reserve fund

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

As at 31 March	Company and Investee / Company 2019 Rs.	Company and Investee / Company 2018 Rs.
23. GENERAL RESERVES		
Development reserve (Note 23.1)	7,143,905	7,143,905
Dividend equalization reserve (Note 23.2)	1,000,000	1,000,000
Revenue reserve (Note 23.3)	422,992,095	422,992,095
	431,136,000	431,136,000

23.1 Development reserve

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

23.2 Dividend equalization reserve

Dividend equalization reserve amounting to Rs.1,000,000/- reflects the amount the Company had reserved for future dividend payments which was created in 1981/82.

23.3 Revenue reserve

The revenue reserve reflects the amount that the Company has reserved over the years from it's retained earnings.

As at 31 March	Company and Investee 2019 Rs.	Company and Investee 2018 Rs.	Company 2019 Rs.	Company 2018 Rs.
24. RETAINED EARNINGS				
Balance as at 1 April	2,632,861,648	2,524,964,977	2,686,275,030	2,566,225,805
Adjustment on initial application of SLFRS 09	(214,213,340)	-	(214,213,340)	-
Tax effect arising on initial application of SLFRS 09	59,979,735	-	59,979,735	-
Profit for the year	231,997,361	184,768,809	224,706,141	196,860,277
Actuarial gain/loss	(3,167,604)	(572,138)	(3,167,604)	(511,052)
Interim dividend declared during the year	(76,300,000)	(76,300,000)	(76,300,000)	(76,300,000)
Balance as at 31 March	2,631,157,800	2,632,861,648	2,677,279,962	2,686,275,030

25. EMPLOYEE BENEFITS

25.1 Defined contribution plans

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

For the year ended 31 March	Company and Investee / Company 2019 Rs.	Company and Investee / Company 2018 Rs.
Employees' Provident Fund		
Employer's contribution	31,149,076	29,258,664
Employees' contribution	23,248,002	21,782,084
Employees' Trust Fund	7,787,269	7,314,666

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 2019 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Mr. M. Poopalanathan AIA of Actuarial & Management Consultants (Pvt) Ltd a firm of professional actuaries. The valuation is performed annually.

As at 31 March	Company and Investee / Company 2019 Rs.	Company and Investee / Company 2018 Rs.
Present value of unfunded obligation (Note 25.2.1)	113,793,053	94,980,418

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
25.2.1 Movement in the present value of the employee benefits unfunded obligation		
Balance as at 1 April	94,980,418	83,311,661
Provision recognised during the year (Note 25.2.1.a)	18,941,039	17,717,752
Actuarial loss during the year (Note 25.2.1.b)	4,399,450	709,795
	118,320,907	101,739,208
Transfers to holding company	(92,446)	-
Payments during the year	(4,435,408)	(6,758,790)
Balance as at 31 March	113,793,053	94,980,418
25.2.1.a Provision recognized in the statement of comprehensive income		
Current service cost	9,963,237	9,997,399
Interest on obligation	8,977,802	7,720,353
	18,941,039	17,717,752
25.2.1.b Provision recognized in the statement of other comprehensive income		
Actuarial loss during the year	4,399,450	709,795
	4,399,450	709,795
The expense is recognized in the following line items in the statement of comprehensive income		
Cost of sales	8,730,231	8,046,294
Distribution expenses	6,212,863	5,713,086
Administrative expenses	3,997,945	3,958,372
	18,941,039	17,717,752

As at 31 March	2019	2018
25.3 Principal actuarial assumptions used		
(a) Discount rate	11.5%	10.5%
(b) Future salary increase rate	10.0%	8.5%
(c) Retirement age	55 years	55 years

25. EMPLOYEE BENEFITS (Contd.)

25.4 Sensitivity analysis

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

As at 31 March	2019			
	Discount rate	Effect Rs.	Salary increment rate	Effect Rs.
Effect on defined benefit obligation liability				
Increase by 1%	12.5%	(5,393,282)	11.0%	6,483,098
Decrease by 1%	10.5%	5,957,451	9.0%	(5,962,112)

As at 31 March	2018			
	Discount rate	Effect Rs.	Salary increment rate	Effect Rs.
Effect on defined benefit obligation liability				
Increase by 1%	11.5%	(4,807,427)	9.5%	5,790,157
Decrease by 1%	9.5%	5,318,366	7.5%	(5,313,584)

	Company and Investee / Company	
As at 31 March	2019	2018
	Rs.	Rs.
26. DEFERRED TAXATION		
Deferred tax assets (Note 26.1)	97,765,663	26,900,675
Deferred tax liabilities (Note 26.2)	(155,515,706)	(151,682,985)
	(57,750,043)	(124,782,310)
26.1 Deferred tax assets		
Balance as at 1 April	26,900,675	24,762,413
Originated/(reversed) during the year - recognized in profit or loss	9,653,407	1,939,519
Originated during the year recognized in other comprehensive income	61,211,581	198,743
Balance as at 31 March	97,765,663	26,900,675

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
26.2 Deferred tax liabilities		
Balance as at 1 April	151,682,985	83,739,202
Originated/(reversed) during the year recognized in profit or loss	3,832,721	(8,211,212)
Originated during the year recognized in other comprehensive income	-	76,154,995
Balance as at 31 March	155,515,706	151,682,985

26.3 Movement in deferred tax asset and liabilities

	Statement of Financial Position				Profit or loss		Other Comprehensive Income	
	2019		2018		2019	2018	2019	2018
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Rs.	Rs.	Rs.	Rs.
Deferred tax liability								
Property, plant and equipment	550,056,091	154,015,706	541,724,944	151,682,985	2,332,721	(8,211,212)	-	76,154,995
Investment property	15,000,000	1,500,000	-	-	1,500,000	-	-	-
		155,515,706		151,682,985	3,832,721	(8,211,212)	-	76,154,995
Deferred tax assets								
Employee benefits	113,793,053	31,862,055	94,980,418	26,594,517	4,035,692	2,436,190	1,231,846	198,743
Provision for PILESIS	1,062,737	297,566	1,093,419	306,158	(8,592)	99,185	-	-
Expected credit loss provision for debtors	234,307,294	65,606,042	-	-	5,626,307	-	59,979,735	-
		97,765,663		26,900,675	9,653,407	2,535,375	61,211,581	198,743
		(57,750,043)		(124,782,310)	5,820,686	10,746,587	61,211,581	(75,956,252)

Management has recognised the impact arising on initial application of expected credit loss model within equity. Therefore in accordance with LKAS 12 deferred tax implications resulting has also been recognised within equity.

26. DEFERRED TAXATION (Contd.)

26.4 Impact on the Inland Revenue Act No 24 of 2017

As provided for in LKAS 12 - Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantially enacted by the reporting date. As per the Inland Revenue Act No 24 of 2017 which has been legislated and effective from 1 April 2018, the new tax rate of 28% (Previously 12% for profits from export sales and 28% for profits from local sales) has become applicable to the Company from 1 April 2018. Accordingly, 28% has been applied for deferred tax computation.

26.5 Deferred tax recognized in other comprehensive income amounted to Rs. 76,154,995/- for the year ended 31 March 2018 includes deferred tax on revaluation surplus from land revalued as at reporting date amounted to Rs. 42,698,605/. As per the Inland Revenue Act No 24 of 2017 which has been legislated and effective from 1 April 2018, The Company will be liable for capital gain tax at a rate of 28% on the revaluation surplus in excess of the acquired cost of capital assets. Accordingly, deferred tax liability on revaluation surplus in excess of the cost of the land of Rs. 42,698,605/- has been recognised in the other comprehensive income.

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
27. INTEREST BEARING BORROWINGS		
Balance as at 1 April	242,061,768	31,841,000
Loans obtained during the year	1,542,270,842	730,600,000
Loans repaid during the year	(661,234,730)	(520,379,232)
Balance as at 31 March	1,123,097,880	242,061,768
Amount payable within one year	1,115,220,908	230,961,000
Amount payable after one year	7,876,972	11,100,768
	1,123,097,880	242,061,768
28. TRADE AND OTHER PAYABLES		
Trade payables	149,502,652	135,664,550
Bills payable	216,428,672	962,888,465
	365,931,324	1,098,553,015
Accrued charges	109,061,201	68,888,496
Nation building tax payable	21,306,345	17,590,731
ESC payable	11,060,490	32,665,285
Distributors' deposits	62,704,889	49,757,891
Advance from debtors	65,908,794	49,932,675
Other payables	31,986,326	26,048,706
	302,028,045	244,883,784
	667,959,369	1,343,436,799

As at 31 March	Company and Investee / Company 2019 Rs.	2018 Rs.
29. AMOUNT DUE TO RELATED COMPANIES		
ACL Cables PLC	-	26,790,498
ACL Plastics PLC	163,276,892	130,214,210
ACL -Kelani Magnet Wire (Private) Limited	7,226,525	-
ACL Metals & Alloys Pvt Ltd	8,738,806	-
Ceylon Copper (Pvt) Ltd.	249,744,278	95,170,110
ACL Electric (Pvt) Ltd	7,256,055	6,471,454
S M Lighting (Private) Ltd	49,424,234	22,584,381
	485,666,790	281,230,653
30. CURRENT TAXATION		
Balance as at 1 April	290,895,714	254,627,512
Provision on current years profit	102,740,511	77,039,154
ESC set off	(43,430,051)	(32,665,285)
Payments made during the year	(13,145,975)	(8,105,667)
Balance as at 31 March	337,060,199	290,895,714
31. UNCLAIMED DIVIDEND		
Balance as at 1 April	12,111,368	11,102,821
Dividend declared	76,300,000	76,300,000
Payments during the year	(75,017,050)	(75,291,453)
Balance as at 31 March	13,394,318	12,111,368

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 Accountings Standrd 24-Related Party disclosures. The details of which are repoted 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 Cables PLC is the ultimate parent of the Company and the board of directors of ACL Cables PLC has the authority and responsibility of planning, directing and controlling the activities of the Company. The Directors of ACL Cables PLC have also been identified as KMP of the Company

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

For the year ended 31 March	2019 Rs.	2018 Rs.
Short term employee benefits	17,780,000	14,990,000
Post employment benefits	-	-

32. RELATED PARTY TRANSACTIONS (Contd.)

32.2 Transactions with Related Companies

Company	Relationship	Name of Common Directors	Nature of transaction	Transaction amount 2019 Rs.	Transaction amount 2018 Rs.
ACL Cables PLC	Ultimate parent company	U.G. Madanayake	Interest income on loans granted	-	3,459,928
		Suren Madanayake	Interest received in cash	-	(3,459,928)
		Mrs. N. C. Madanayake			
			Bills Charged from ACL Cables PLC	(13,362,615)	(9,830,477)
			Settlements during the year	13,270,169	9,830,477
			Bills Charged to ACL Cables PLC	56,131	-
			Settlements during the year	(56,131)	-
			Settlements of loan	-	41,854,000
			Sale of goods / Drawing chgs(gross)	280,429,480	206,446,453
			Settlements during the year	(264,522,598)	(184,613,894)
			Purchase of finished goods (gross)	(299,828,959)	(628,677,343)
			Settlements during the year	338,216,031	638,195,619
ACL Plastics PLC	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of Raw Materials (gross)	(712,917,622)	(726,043,976)
		Suren Madanayake	Settlements during the year	679,854,940	763,604,135
		Mrs. N. C. Madanayake			
			Sale of goods (gross)	256,625	83,851
			Settlements during the year	(256,625)	(83,851)
ACL-Kelani Magnet Wire (Private) Ltd	Equity accounted investee	U.G. Madanayake	Sale of goods	17,138	51,536
		Suren Madanayake	Settlements during the year	(84,296,001)	(25,980)
			Purchase of finished goods and Raw Materials (gross)	(14,740,425)	
			Drawing Charges	(96,318,448)	29,123,220
			Settlements during the year	103,638,153	(33,949,946)
ACL Metals & Alloys (Pvt) Ltd	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of Raw Materials (gross)	(88,891,520)	(153,746,230)
		Suren Madanayake	Settlements during the year	80,011,334	202,490,856
			Sale of goods	141,380	524,682
			Settlements during the year	-	(524,682)
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Purchase of raw materials (gross)	(1,558,893,613)	(966,929,219)
		Suren Madanayake	Settlements during the year	1,360,982,273	963,558,577
			Sale of goods	43,337,172	-
ACL Electric (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	U.G. Madanayake	Sale of finished goods (gross)	61,219	18,154
		Suren Madanayake	Settlements during the year	(36,534)	(11,879)
			Purchase of finished goods (gross)	(18,020,204)	(13,370,665)
			Settlements during the year	17,210,918	8,958,060
Lanka Olex Cables (Private) Ltd	Immediate parent company	U.G. Madanayake	Interim dividend payment 2017/18-Rs.3/50 per share	57,222,718	-
		Suren Madanayake	Interim dividend payment 2016/17-Rs.3/50 per share	-	57,222,718
		Mrs. N. C. Madanayake			
S. M. Lighting (Private) Ltd.	KMP through significant influence	Suren Madanayake	Sale of finished goods (gross)	2,964	54,175
			Settlements during the year	(44,503)	(12,636)
			Purchase of finished goods (gross)	(165,889,552)	(117,649,683)
			Settlements during the year	139,049,699	120,033,980

Also refer Note19 and 29.

32.3 Recurrent related party transactions

Recurrent related party transactions, the aggregate value of which exceeds 10% of consolidated revenue for the year ended 31 March 2019 are as follows;

Name of the related party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the financial year Rs.	Aggregate value of Related Party Transactions as a % of Net Revenue / Income %	Terms and Conditions of the Related Party Transactions
Ceylon Copper (Pvt) Ltd.	Fellow subsidiary of ACL Cables PLC	Purchase of raw materials	1,558,893,613	18.4	Ordinary course of business

32.4 Non-recurrent related party transactions

There were no non-recurrent related party transactions which were exceed 10% of the equity or 5% of the total assets as per section 9 of the listing rules for the year ended 31 March 2019.

33. FINANCIAL RISK MANAGEMENT

Overview

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

33.1 Credit risk

33.2 Liquidity risk

33.3 Market risk

33.4 Operational risk.

Introduction and overview

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

Risk management framework

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

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

33.1 Credit risk

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

Exposure to credit risk

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

As at 31 March,	2019 Rs.	2018 Rs.
Trade and other receivables	1,972,629,349	2,161,456,122
Amount due from related companies	27,411,010	84,473,058
Deposits	6,162,550	7,344,347
Cash and cash equivalents	1,164,099,136	671,656,354
	3,170,302,045	2,924,929,881

33. FINANCIAL RISK MANAGEMENT (Contd.)

Age analysis of trade receivables after provision for impairment

As at 31 March	2019 Rs.	2018 Rs.
Less than 30 days	731,753,273	807,369,500
Between 31 days - 60 days	649,900,017	544,842,637
Between 61 days - 90 days	368,868,931	424,381,783
Between 91 days - 180 days	278,620,083	325,934,465
Between 181 days - 365 days	85,737,806	73,284,881
More than 365 days	150,938,274	214,189,448
Gross trade receivables	2,265,818,384	2,390,002,714
Provision for impairment	(306,550,755)	(94,533,175)
Net trade receivables	1,959,267,629	2,295,469,539

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 Companys 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

(a) Constant monitoring of trends in payment patterns.

(b) 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.

(c) Robust credit policy in place to review credit worthiness on a periodic basis.

(d) Every endeavor is made to secure revolving advances.

(e) Actively measuring trade debtor balances with collection targets and regular meetings to monitor and review efficacy of collection activities.

(f) 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 31 March 2019	Carrying amount Rs.	Total Rs.	Contractual cash flows up to 3 months Rs.	Less than 1 year Rs.	1 - 2 years Rs.	2 - 5 years Rs.
Non- derivative financial liabilities						
Secured bank loans	1,123,097,880	1,123,097,880	1,112,880,908	2,340,000	3,120,000	4,756,972
Bank overdraft	341,226,615	341,226,615	341,226,615	-	-	-
Trade and other payables	667,959,369	667,959,369	619,006,560	48,952,809	-	-
Amount due to related parties	485,666,790	485,666,790	485,666,790	-	-	-
	2,617,950,654	2,617,950,654	2,558,780,873	51,292,809	3,120,000	4,756,972

As at 31st March 2018	Carrying amount Rs.	Total Rs.	Contractual cash flows up to 3 months Rs.	Less than 1 year Rs.	1 - 2 years Rs.	2 - 5 years Rs.
Non- derivative financial liabilities						
Secured bank loans	242,061,768	242,061,768	226,780,000	4,181,000	3,120,000	7,980,768
Bank overdraft	79,416,145	79,416,145	79,416,145	-	-	-
Trade and other payables	1,343,436,799	1,343,436,799	1,134,419,661	209,017,138	-	-
Amount due to related parties	281,230,653	281,230,653	281,230,653	-	-	-
	1,946,145,365	1,946,145,365	1,721,846,459	213,198,138	3,120,000	7,980,768

33. FINANCIAL RISK MANAGEMENT (Contd.)

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2019

	On demand	0 -30 days	31 -60 days	61 -90 days	91-180 days	181-365 days	More than 365 days	Total
Trade and other payables	-	461,888,057	142,071,651	15,046,852	16,955,819	31,996,990	-	667,959,369
Amount due to related parties	-	485,666,790	-	-	-	-	-	485,666,790
Unclaimed dividends	13,394,318	-	-	-	-	-	-	13,394,318
Interest bearing borrowings	-	1,112,361,095	259,983	259,983	779,949	1,559,898	7,876,972	1,123,097,880
Bank overdrafts	341,226,615	-	-	-	-	-		341,226,615
	354,620,933	2,059,915,942	142,331,634	15,306,835	17,735,768	33,556,888	7,876,972	2,631,344,972

Details below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at 31 March 2018

	On demand	0 -30 days	31 -60 days	61 -90 days	91-180 days	181-365 days	More than 365 days	Total
Trade and other payables	101,029,659	628,032,636	222,852,379	182,504,987	182,969,977	26,047,161	-	1,343,436,799
Amount due to related parties	-	281,230,653	-	-	-	-	-	281,230,653
Unclaimed dividends	12,111,368	-	-	-	-	-	-	12,111,368
Interest bearing borrowings	-	222,260,000	2,260,000	2,260,000	2,621,000	1,560,000	11,100,768	242,061,768
Bank overdrafts	79,416,145	-	-	-	-	-		79,416,145
	192,557,172	1,131,523,289	225,112,379	184,764,987	185,590,977	27,607,161	11,100,768	1,958,256,733

33.2.2 Management of liquidity risk

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

33.3 Market risk

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

Control Measures and Action Plans to Mitigate Risk

(a) Expansion of its portfolio through strategic investment.

(b) Innovating and trend setting while benchmarking with global competition.

(c) Introduction of unique and innovative services to create demand for the destination.

(d) Obtaining Quality and safety standard certification for assurance of health and safety.

(e) Securing Green Globe and Eco Friendly Certification in acknowledgement of commitment to sustainable tourism.

(f) Participation in global and regional tourism promotional events in potential and emerging markets.

33.3.1 Foreign exchange risk

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

	Average rate		Reporting date average spot rate	
	2019 Rs.	2018 Rs.	31-Mar-19 Rs.	31-Mar-18 Rs.
USD 1	169.55	153.51	176.09	155.60

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 31 March 2019.

	Effect on profit or loss	
	As at 31 March 2019 Rs.	As at 31 March 2018 Rs.
LKR depreciated against USD by 5%	55,423,122	3,802,195
LKR appreciated against USD by 5%	(55,423,122)	(3,802,195)

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.

33. FINANCIAL RISK MANAGEMENT (Contd.)

Profile

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

As at 31 March	2019 Rs.	2018 Rs.
Fixed rate instruments		
Financial Assets		
- Fixed deposits	534,439,2220	-
- Savings accounts	619,791,523	653,089,955
Financial liabilities		
- Bank overdraft	(341,226,615)	(79,416,145)
- Interest bearing borrowings	(123,334,356)	(14,220,768)
Variable rate instruments		
Financial liabilities		
- Interest bearing borrowings	(999,763,524)	(227,841,000)

33.3.3 Price risk

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

33.4 Operational risk

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

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

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

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

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

34.1 Valuation of financial instruments measured at fair value

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

34.2 Valuation of financial assets and liabilities not 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.

As at 31 March	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rs.	Rs.	Rs.	Rs.
Loans and receivables				
Trade and other receivables	1,972,629,349	1,972,629,349	2,161,456,122	2,161,456,122
Amount due from related parties	27,411,010	27,411,010	84,473,058	84,473,058
Deposits	6,162,550	6,162,550	7,344,347	7,344,347
Cash and cash equivalents	1,164,099,136	1,164,099,136	671,656,354	671,656,354
	3,170,302,045	3,170,302,045	2,924,929,881	2,924,929,881
Financial liabilities				
Trade and other payable	667,959,369	667,959,369	1,343,436,799	1,343,436,799
Amount due to related parties	485,666,790	485,666,790	281,230,653	281,230,653
Unclaimed Dividend	13,394,318	13,394,318	12,111,368	12,111,368
Interest bearing borrowings	1,123,097,880	1,123,097,880	242,061,768	242,061,768
Bank overdrafts	341,226,615	341,226,615	79,416,145	79,416,145
	2,631,344,972	2,631,344,972	1,958,256,733	1,958,256,733

34.2.1 Short term deposits

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

34.2.2 Other financial assets

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

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

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

34.2.3 Financial liabilities

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

35. CAPITAL COMMITMENTS

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

As at 31 March	2019 Rs.	2018 Rs.
Approximate amount approved but not contracted for	11,521,642	-

There are no operating lease commitments as at the 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, 2019 on guarantees given to third parties amounted to Rs.178,897,250/-(2018 - Rs. 152,169,885/-)

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

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

37. COMPARATIVE INFORMATION

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

38. EVENTS AFTER REPORTING DATE

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

The Board of Directors has recommended the payment of an interim dividend of Rs. 3.50 per share for the year ended 31 March 2019 which was approved on 24 July 2019 by the Board of Directors.

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

39. EMPLOYEES AND INDUSTRY RELATIONS

There were no material issues pertaining to employees and industrial relations that required to disclosure in the financial statements.

40. DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

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

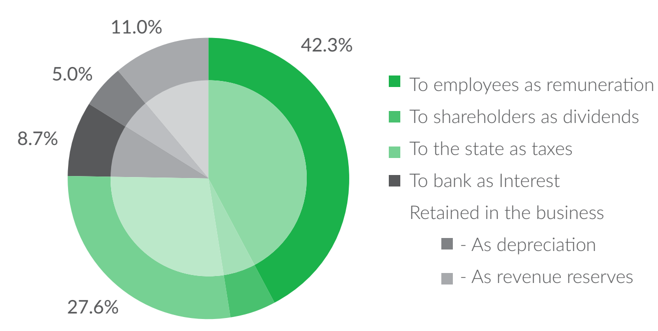
Statement of Value Addition

For the year ended 31 March	Company and Investee 2019 Rs'000	Company and Investee 2018 Rs'000	Company 2019 Rs'000	Company 2018 Rs'000
Revenue	8,492,482	7,994,364	8,492,482	7,994,364
Other operating and interest income	42,426	51,245	42,426	51,245
	8,534,908	8,045,609	8,534,908	8,045,609
Less:				
Cost of material & services purchased	7,122,254	6,812,604	7,129,545	6,800,513
Value added	1,412,654	1,233,004	1,405,363	1,245,096
Value addition as percentage on revenue	16.6%	15.4%	16.5%	15.6%

DISTRIBUTION AS FOLLOWS

For the year ended 31 March	Company and Investee 2019 Rs'000	%	Company and Investee 2018 Rs'000	%	Company 2019 Rs'000	%	Company 2018 Rs'000	%
To employees as remuneration	597,461	42.3	562,473	45.6	597,461	42.5	562,473	45.2
To shareholders as dividends	76,300	5.4	76,300	6.3	76,300	5.4	76,300	6.1
To the state as taxes	390,612	27.6	334,761	27.2	390,612	27.8	334,761	26.9
To bank as interest	122,511	8.7	74,277	6.0	122,511	8.7	74,277	6.0
Retained in the business					-			
- As depreciation	70,072	5.0	76,725	6.2	70,072	5.0	76,725	6.1
- As revenue reserves	155,697	11.0	108,469	8.8	148,406	10.6	120,560	9.7
	1,412,654		1,211,287		1,405,363		1,245,096	

Company and Investee



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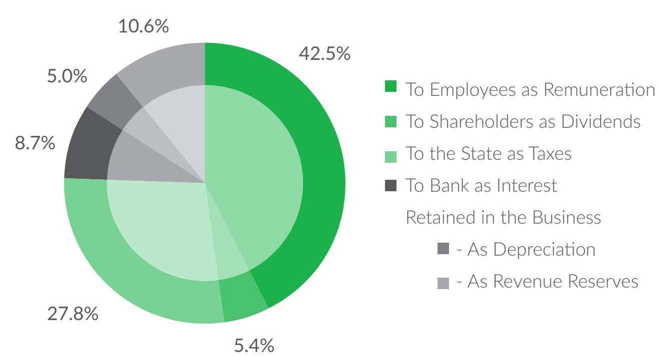

Investors' Information

DISTRIBUTION OF SHAREHOLDING - MARCH 31, 2019

Range			No of Holders	Total Holding	% Holding
		up to 1000	837	198,793	0.9%
1,001	-	5,000	219	560,796	2.6%
5,001	-	10,000	53	435,361	2.0%
10,001	-	50,000	59	1,132,797	5.2%
50,001	-	100,000	8	600,765	2.7%
100,001	-	500,000	3	677,300	3.1%
500,001		1,000,000	2	1,844,840	8.5%
		over 1,000,000	1	16,349,348	75.0%
			1182	21,800,000	

TWENTY LARGEST SHAREHOLDERS AS AT 31 MARCH

		2019		2018	
		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	Sri Lanka Opportunity Fund Pte Ltd	911,084	4.2%	850,000	3.9%
4	Bank of Ceylon-No 2 A/c	323,800	1.5%	323,800	1.5%
5	Hatton National Bank PLC-Candor Opportunities Fund	250,000	1.1%	-	0.0%
6	Thaha I. M.	103,500	0.5%	103,500	0.5%
7	Employees Trust Fund Board	95,567	0.4%	95,567	0.4%
8	People's Leasing & Finance PLC/L. P. Hapangama	88,402	0.4%	93,402	0.4%
9	People's Leasing & Finance PLC/Dr. H. S. D. Soysa	84,912	0.4%	84,912	0.4%
10	Waldock Mackenzie Limited/Ceylinco Shriram Capital Management	76,600	0.4%	76,600	0.4%
11	Dalpethado D.F.G. & Fonseka H. F. A. K. D	75,584	0.3%	1	0.0%
12	Goonesekera C. D. M. (Mrs)	62,500	0.3%	62,500	0.3%
13	Madanayake H. A. S.	61,000	0.3%	61,000	0.3%
14	Madanayake U. G.	56,200	0.3%	56,200	0.3%
15	Vignarajah K. C.	42,435	0.2%	42,431	0.2%
16	Leonard D. S.	41,203	0.2%	41,186	0.2%
17	Hatton National Bank PLC-Amana Candor Shariah Bala	40,000	0.2%	-	0.0%
18	Kannangara N. L. & De Livera S. S.	40,000	0.2%	40,000	0.2%
19	Sumathipala U. W. J. P. A.	35,200	0.2%	35,200	0.2%
20	People's Leasing & Finance PLC/L. H. L. M. P. Haradasa	35,058	0.2%	35,058	0.2%

	No. of Shares	% Holding	No. of Share holders
Share held by public as at 31st March 2019	4,399,696	20.2%	1,182
Share held by public as at 31st March 2018	4,399,696	20.2%	1,129
Float adjusted market capitalization (Rs.)	296,539,510		

Company complies the requirement of Listing Rules of 7.13.1 -Minimum Public Holding as a continuous listing requirement under the option No. 05 of 7.13.1 (a) as follows.

OPTION	MINIMUM PUBLIC HOLDING REQUIREMENT			
	Float adjusted Market Capitalization	Public Holding Percentage	Number of Public Shareholders	Number of Public Shareholders
Option -5	Less than Rs.2.5Bn	20%	500	500

	2019	2018
Market value per share		
At the year end - Rs.	67.40	93.00
Highest value during the year - Rs.	100.00	129.00
Lowest value during the year - Rs.	67.10	86.00
Earnings per share (EPS) - Rs.	10.31	9.03
Net asset per share - Rs.	169.05	169.13
Dividend per share (DPS) -Rs.	3.50	3.50
Dividend yield	0.05	0.04
Dividend payout ratio	0.34	0.39
Price earnings ratio	6.54	10.30
Number of transactions	736	578
Noumber of share traded	306,892	1,414,273
Total turnover - Rs.	27,493,725	141,277,121
Market capitalisation - Rs.	1,469,320,000	2,027,400,000
Percentage of shares held by the public	20.2%	20.2%

Decade at a Glance (Company & Investee)

TRADING RESULTS

Rs' 000

Year ended 31 March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue	8,492,482	7,994,364	7,122,784	6,619,776	6,204,431	5,231,769	4,565,481	4,342,986	3,822,241	3,322,214
Gross profit	1,165,452	1,006,539	1,135,495	1,302,349	1,022,926	866,439	717,357	798,558	616,514	695,429
Earnings before interest & tax	451,428	325,934	535,022	720,210	500,627	351,904	317,254	423,030	265,494	314,479
Finance cost	(122,511)	(74,277)	(37,184)	(39,588)	(55,581)	(41,255)	(36,952)	(37,381)	(47,190)	(35,019)
Profit before tax	328,917	251,657	497,837	680,622	445,045	310,649	280,302	385,649	218,304	279,460
Taxation	(96,920)	(66,888)	(119,503)	(181,895)	(118,944)	(95,564)	(79,951)	(104,958)	(84,571)	(139,783)
Profit after taxation	231,997	184,769	378,334	498,727	326,101	215,085	200,351	280,692	133,733	139,678

FINANCIAL POSITION

Rs' 000

As at 31 March	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Stated capital	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000	218,000
Capital reserves	404,950	404,950	300,458	300,458	300,458	177,009	177,009	177,009	143,063	121,977
General reserves	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136	431,136
Retained earnings	2,631,158	2,632,862	2,524,965	2,243,356	1,809,488	1,515,234	1,336,785	1,158,234	921,142	746,609
	3,685,244	3,686,948	3,474,559	3,192,950	2,759,081	2,341,378	2,162,930	1,984,379	1,713,341	1,517,722
Property, plant & equipment	872,316	852,737	663,112	679,381	714,179	588,800	512,733	462,152	429,906	340,294
Intangible assets	-	-	-	-	1,123	-				
Investments	56,751	20,021	14,155	13,479	10,847	10,409	28,335	32,451	31,154	9,512
Investment property	295,000	280,000	253,750	231,000	208,000	130,000	130,000	130,000	125,000	120,000
Current assets	5,601,125	5,003,105	4,717,544	4,170,757	3,937,255	3,143,648	3,047,413	2,269,212	2,295,645	2,129,865
Current liabilities	(2,960,528)	(2,238,052)	(2,023,873)	(1,713,177)	(1,895,058)	(1,339,731)	(1,450,733)	(817,253)	(1,087,770)	(1,022,431)
Non current liabilities	(179,420)	(230,863)	(150,129)	(188,492)	(217,264)	(191,748)	(104,819)	(92,183)	(80,595)	(59,518)
	3,685,244	3,686,948	3,474,559	3,192,950	2,759,081	2,341,378	2,162,930	1,984,379	1,713,341	1,517,722

RATIOS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross margin	13.7%	12.6%	15.9%	19.7%	16.5%	16.6%	15.7%	18.4%	16.1%	20.9%
Net margin	2.7%	2.3%	5.3%	7.5%	5.3%	4.1%	4.4%	6.5%	3.5%	4.2%
Return of investment (ROI)	12.2%	8.8%	15.4%	22.6%	18.1%	15.0%	14.7%	21.3%	15.5%	20.7%
Return of average equity	6.3%	5.2%	11.3%	16.8%	12.8%	9.6%	9.7%	15.2%	8.3%	18.4%
Assets turnover	2.3	2.2	2.0	2.1	2.2	2.2	2.1	2.2	2.2	2.2
Working capital turnover	3.2	2.9	2.6	2.7	3.0	2.9	2.9	3.0	3.2	3.0
Current ratio	1.9	2.2	2.3	2.4	2.1	2.3	2.1	2.8	2.1	2.1
Net asset per share - Rs.	169.05	169.13	159.38	146.47	126.56	107.40	99.22	91.03	78.59	69.62
Dividend per share (DPS) -Rs.	3.50	3.50	4.50	3.00	1.50	1.50	1.00	1.50	1.25	1.00
Earnings per share (EPS)-Rs.	10.31	9.03	17.27	22.79	14.78	10.46	9.19	12.88	6.13	6.41
Market price per share-End Rs.	67.40	93.00	117.50	112.50	80.00	80.00	64.10	67.00	95.30	114.50
Dividend yield - %	0.05	0.04	0.04	0.03	0.02	0.02	0.02	0.02	0.01	0.01
Dividend payout ratio - %	0.34	0.39	0.26	0.13	0.10	0.14	0.11	0.12	0.20	0.16
Price earnings ratio	6.54	10.30	6.80	4.94	5.41	7.65	6.97	5.20	15.53	17.87

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 PAYOUT RATIO
The precentage of a company's earnings paid out to investors as dividends.

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

DIVIDEND YIELD
Effective dividend per share as percentage of the share price at the end of the period.

EARNINGS PER SHARE
Profit attribute to shareholders divided by the weighted average number of ordinary shares in issue during the period.

EBIT
Earnings before interest, tax (including operating income)

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

FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)
Financial instruments that are held for trading and are designated as at value through profit and loss.

IMPAIRMENT
Occures when recoverable amount of an asset is less than its carrying amount.

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 distribution 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 Fiftieth Annual General Meeting of Kelani Cables PLC will be held on 27 August 2019, 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 financial year ended 31March 2019 with the Report of the Auditors thereon.

(ii) To re-elect as a Director Dr. L J Ranjith Cabral, who retires by rotation in terms of Article 85 and being eligible for re-election in terms of Article 86, of the Articles of Association of the Company.

(iii) To re-elect as a Director Dr. Bandula Perera, who retires by rotation in terms of Article 85 and being eligible for re-election in terms of Article 86, of the Articles of Association of the Company.

(iv) To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorize the Directors to determine their remuneration.

(v) 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. 07of 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. L J 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. C T S Bandula Perera, who has passed the age of 70 years in April 2015, be and is hereby appointed as a Director of the Company and that the age limit of 70 years referred to in section 210 of the Companies Act No. 07of 2007, shall not apply to him"

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. 07of 2007, shall not apply to him"

(vi) To authorise the Directors to determine donations to charities.

By Order of the Board

(Sgd.)

Corporate Affairs (Pvt) Ltd

Secretaries

26 July 2019

NOTE:

(a) A Shareholder is entitled to appoint a Proxy to attend and vote in his stead and a FORM OF PROXY is attached to this Report for this purpose. A Proxy need not be a Shareholder of the Company. The instrument appointing a Proxy must be deposited at the Registered Office, No. 60, Rodney Street, Colombo 08, not less than forty eight hours before the time fixed for the Meeting.

(b) Shareholders are kindly requested to hand-over duly perfected and signed Attendance Slip attached to this report for that purpose, to the Registration counter.

Notes

Notes

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
National Development Bank PLC
DFCC Bank PLC

Designed & produced by
emagewise
Printed by Printage (Pvt) Ltd

KELANI CABLES
www.kelanicables.com
P.O. Box 14, Wewelduwa, Kelaniya, Sri Lanka.