Piramal Glass

Annual Report 2016 - 2017

Piramal Glass Ceylon PLC

CONTENTS

CORPORATE *Information*

The Board of Directors

Vijay Shah - Chairman
Dr. C.T.S.B Perera
R.M.S. Fernando
Sanjay Tiwari - CEO/ Executive Director
Samit Datta

Audit Committee

Vijay Shah - Chairman
Dr. C.T.S.B Perera
R.M.S Fernando

Remuneration Committee

Vijay Shah - Chairman
Dr. C.T.S.B. Perera
R.M.S. Fernando

Related Party Transactions Review Committee

Vijay Shah - Chairman
Dr. C.T.S.B. Perera
R.M.S. Fernando

Senior Management Team

Sanjay Tiwari - CEO/ Executive Director
U.P. Hettige - Vice President (Projects)
Reetesh Srivastava - Vice President (Operations)
Niloni Boteju - Financial Controller
A.K.M Fowzin - Head of Human Resources
Palitha Piyanandana - Head of Supply Chain
Saugato Dutt - GM (Operations)
Thushara Deshapriya - Head of Domestic Marketing
Damitha Dasanayake - Head of Export Marketing
Sanjeewa Mahendra - Head of Quality Assurance

Company Registration Number

PQ 190

Registered Office

148, Maligawa Road, Borupana, Ratmalana
Telephone: +94 112 635 481-83/ +94 117 800 200 -4
Fax:+94 112 635 484
E-mail: pgc.info@piramal.com
Web: www.piramalglassceylon.com

Factory

Wagawatte Road, Poruwadanda, Horana.
Telephone: +94 344 938 965-67/ +94 347 800 200
Fax:+94 342 258 120

Marawila Road, Nattandiya.
Telephone: +94 327 800 200-4
Fax:+94 322 255 193

Auditors

Statutory

Messrs. Ernst & Young
Chartered Accountants
201, De Saram Place
P.O.Box 101,
Colombo 10.

Internal

Messrs. SJMS Associates
Chartered Accountants
No. 11, Castle Lane, Colombo 04.

Bankers

Bank of Ceylon
Citi Bank, N.A
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
People’s Bank
Standard Chartered Bank
Sampath Bank PLC

Company Secretary and Senior Manager Legal

Mrs. Sagarika Jayasundera (Attorney-at-Law)
148, Maligawa Road, Borupana, Ratmalana
Telephone: +94 117 800 200-4 Ext: 604

Registrars

Messrs. P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road, Colombo 08
Telephone: +94 114 897 711/ +94 114 640 360-3
Fax: +94 114 740 588

Legal Advisors

Messrs. FJ&G de Saram
216, De Saram Place, Colombo 10
Telephone: +94 114 718 200

CHAIRMAN'S *Statement*

Dear Shareholders,

Warm greetings to you all!

It is with great pleasure that I welcome you on behalf of the Board of Directors to the 62nd Annual General Meeting of Piramal Glass Ceylon PLC (PGC) and share with you the achievements and progress we have made during the past year and the prospects.

F17 has been an exhilarating year for Piramal Glass Ceylon (PGC) and a milestone in the history of your company.

The Revenue of Rs 6,783 million during this year records the highest ever in the PGC history surpassing previous year figure of Rs 6,755 million in spite of two months of scheduled plant shutdown for furnace relining.

The turnover was contributed by Rs. 5,574 million from the domestic market, a growth of 3% over previous year (Rs 5,435 million) and Rs.1,209 million from the exports market, a marginal de-growth compared to the previous year (Rs1,209 million). We were selective in servicing the high value added export Specialty segment of the market due to capacity constraints and our priority to service fully the domestic market. A significant achievement this year which will create a long term sustainable export market is the development of the new product pipeline for increasing the footprint in the USA market.

While the year's performance was impacted due to the two months relining carried out during second quarter of the financial year, it also provided us the opportunity to enhance our furnace capacity by 20% to nearly 300 tpd. In order to keep the domestic customers well serviced during the two months shutdown we had to import substantial quantity of glass packaging from India and consequently earn lower gross profit margin at 20% as against 22% for the previous year (result of thin margins in the high volumes of traded sale). The profit before tax in F17 was Rs. 603 million as against Rs. 805 million of the previous year, further impacted by the interest on long term loan taken for project relining and expansion of Rs 3,000 million.

Our company continues to suffer due to the artificially controlled furnace oil prices by the Government which are still substantially higher than the international level and fluctuating LPG prices. We will continue to appeal to the Government and hope that domestic industries will be protected to compete globally by providing a level playing field.

As clarified earlier, during the year over Rs. 2,000 million sales to the domestic market was met through trading. Even though trading margins are not attractive the company's objective was to ensure that the customer requirement would be catered with the least disruption during the two months relining period thereby retaining customer loyalty. The company imported generic and common glass bottles from four different sources including from parent company Piramal Glass Limited, India while building an inventory for the proprietary design bottles. This required meticulous planning and tremendous coordination and we could service most of our customers without major service issues.

The furnace which commenced its campaign in December 2007 at Horana was stopped after continuous operation of almost 9 years in July 2016 as planned, based on the normal life of the furnace which is generally 8-10 years. During this shutdown of the plant, PGC rebuilt the new furnace with a maximum capacity of 300 Mt per day and overhauled / upgraded its downstream equipment and utilities. The company has spent over Rs 3,000 million on the above modernization & expansion project.

All the Production lines were upgraded and one production line was replaced with a brand new 10 section triple gob machine which facilitates higher efficiencies & more flexibility in operational parameters. New automatic inspection machines were installed to enhance

CHAIRMAN'S *Statement*

the scope of inspection required for the international market. The bottle printing facility was upgraded with a new multi color automatic printing machine. The utilities including generators, compressors, FO & LPG system, cullet washing facility and the sand processing plant at Nattandiya were also upgraded to balance with the capacity upgrade of the furnace.

I would like to deeply appreciate and acknowledge the achievement of the local operations team and the corporate project team of Piramal Glass India in completing the entire project of relining and capacity enhancement in a record time of 52 days as against standard time globally (Best In Class) of over 60 days for similar furnace rebuild. This would not have been possible without the extensive utilization of knowledge pool and services available with the corporate project team of parent company Piramal Glass Limited, India, the German designers and consultants from US.

During the year the company's export strategy and performance was recognized at 24th NCE Export Award Ceremony, Sri Lanka, where PGC received a "Gold Award in the Industry Sector - Large Category".

LOOKING AHEAD

In continuation of our policy of distributing 50% of operating distributable profits, the Board of Directors has proposed a final dividend of 26% for the year ended 31st March 2017 for the approval of the shareholders.

The management is very positive about the future of the company. With the relining of the furnace and infrastructure upgrade in line with the latest international standards, the company is fully geared to attain greater heights in the local market as well as in the international market.

This additional tonnage would be channeled first towards satisfying the local market demand for virgin coconut oil exports, water bottles in various sizes, incremental demand for aerated bottles due to shift in consumer preference over PET/ Plastics, returnable bottles in liquor segments and then towards specialty segment in the international market. The upgraded facility will also enable PGC to deliver more innovative designs in different sizes & colours.

The social movement urging people to shift to glass. "Believers' in Glass" which was launched last year has made much inroads in creating awareness in the entire country as to "why glass is a better form of packaging to be used in day to day life". Launch of a special water bottle for use in the vehicle was well received. Several conference were held with the participation of eminent doctors and other stake holders to educate the entire Nation thru media regards the health effects of different forms of packaging.

APPRECIATION

The performance of our company, during the year, could not have been achieved without the untiring efforts, dedication and commitment of all our employees. I take this opportunity to express my gratitude to them. I also thank our valued customers for their unflinching patronage and support.

I also wish to convey my gratitude to the Board of Directors, for their valuable contribution and guidance during the past year. I also appreciate the management team for their valuable contribution during the financial year. I would fail in my duty if I do not thank our shareholders, for the confidence reposed in us.

I particularly like to thank Piramal Glass Indian Corporate project team which has helped us in the management and execution of the entire capital expenditure project within a very tight time schedule. Their wealth of experience in managing such large investment project across the Group has been very valuable to us.

I also wish to thank Piramal Glass Corporate Team from India for the help and cooperation extended in managerial and operational aspects at all times to the operations here in Sri Lanka.

I take this opportunity to thank the various departments of the Government of Sri Lanka, Board of Investment, Banks, other institutions and clients that extended assistance to Piramal Glass Ceylon. I thank you for your continued faith in us over the past years. We look forward to your support in the coming years too.

I would like to reiterate that our Company's path to excellence is rooted in our core values of Knowledge, Action, Care and Impact which drive us towards creating long term value for all our stakeholders.

Vijay Shah
Chairman
2nd May 2017

REPORT ON THE AFFAIRS *of the Company*

TO THE SHAREHOLDERS

The Board of Directors have pleasure in presenting the 62nd Annual Report and the Audited Financial Statement of the Company for the year ended 31st March 2017.

REVIEW OF THE YEAR

The Chairman's statement describes in brief of the Company's affairs and the performance during the year and also mentions the events occurring after the reporting date.

PRINCIPAL ACTIVITY

Principal activity of the Company is the manufacturing and sale of Glass Containers.

The Company's ownership of Land and Building are as follows,

		Extent (Acres)	Value (Gross) LKR Mn	Buildings Nos.
Ratmalana	- Freehold Land	0.7	39	02
Nattandiya	- Freehold Land	54	99	05
Horana	- Leasehold Land	31	29.9	08
Nattandiya	- Leasehold Land	09	1.2	05

CURRENCY

All figures appearing in the Financial Statements are in Sri Lanka Rupees and denoted as"LKR"

FINANCIAL RESULTS	2017 LKR 000'	2016 LKR 000'
Revenue	6,783,010	6,755,079
Cost of Sales	(5,411,696)	(5,258,047)
Gross Profit	1,371,314	1,497,032
Other Operating Income	29,204	4,670
Selling and Distribution Expenses	(212,247)	(218,302)
Administrative Expenses	(409,437)	(404,551)
Operating Profit	778,834	878,849
Finance Costs	(176,423)	(74,445)
Finance Income	429	200
Profit before Tax	602,840	804,604
Income Tax Expense	(117,364)	(150,202)
Profit for the Year	485,476	654,402

REPORT ON THE AFFAIRS *of the Company*

SALES HIGHLIGHTS

F 17 was a exciting year for PGC, with an overall turnover of LKR 6,783 Mn as against LKR 6,755 Mn in spite of two months schedule plant closure for furnace rebuild and expansion.

The Domestic market sales for the year was LKR 5,574 Mn reflecting a growth of 3%. All the segments contributed to this growth.

The export market witnessed a de-growth of over 8% due to capacity constraints as the priority was to service 100% of domestic market and high value added export specialty segment. Yet the company focused towards developing new product pipeline for USA market.

As a strategy to service all domestic customers during two months shut down of the Horana Plant, the company did trading sales of approximately LKR 2,000 million during the year under review. The company imported generic and common glass bottles from different sources including from parent company Piramal Glass Limited, India while building an inventory for the proprietary design bottles.

PRODUCTION HIGHLIGHTS

The Horana plant which commenced its campaign in December 2007 at Horana was stopped after continuous operation of almost 9 years in July 2016. A glass furnace has to be overhauled every 8-10 years. Similarly, PGC too planned and overhauled its plant & took this opportunity to enhance its furnace capacity to maximum of 300 MT per day from its existing capacity of 250 MT. Simultaneously the downstream equipment such as production lines, quality inspection machines, packing machines & several other utility equipment were also upgraded & capacity enhanced to facilitate the increased furnace capacity.

Amidst a two month shut down period, 60,099 MT of glass was produced during the year as compared to 67,533 MT produced in F16. The benefit of the incremental new capacity was not realized for the full year under review.

EMPLOYMENT	2017	2016
Total employment as at 31st March	425	415

CAPITAL EXPENDITURE AND INVESTMENTS

During the year the Company's cash out flow on Property, Plant and Equipment was to the aggregate value of LKR 2,961,584,592/- (Year Ended 31 March 2016 LKR 391,874,878/-)
The capital commitments as at the reporting date are disclosed in Note 19.1 to the Financial Statements.

SHARE CAPITAL

The Stated capital as at the end of the year was LKR 1,526,407,485/-, consisting of 950,086,080 number of ordinary shares.

SHARE HOLDINGS	2017	2016
Registered Shareholders as at 31st March	12,989	13,248

The distribution of shares is indicated in page 60.

EVENTS OCCURRING AFTER THE REPORTING DATE

The events occurring after the reporting date are disclosed in Note 21 to the Financial Statements. No events have taken place since the Reporting date which would require any adjustments or disclosures other than the above.

THE BOARD OF DIRECTORS

Vijay Shah - Chairman
Dr. C. T. S. B. Perera
R. M. S. Fernando
Sanjay Tiwari - CEO / Executive Director
Samit Datta

REPORT ON THE AFFAIRS *of the Company*

APPOINTMENT OF NEW DIRECTORS

New directors were not appointed during the financial year.

PERSONS WHO CEASED TO BE DIRECTORS

No directors were ceased from the board during the financial year.

DIRECTORS' INTEREST REGISTER

The Directors have made declarations as provided for in section 192 (2) of the Companies Act No. 7 of 2007. The related entries were made in the interest register during the year under review. The related party disclosures are referred to in Note 18.1 to the Financial Statements. The share ownership of directors is indicated below.

DIRECTORS' SHAREHOLDINGS

The Directors' and their spouse's share holdings as at 31st March:

	2017	**2016**
Dr. C. T. S. B. Perera	50,000	50,000
Sanjay Tiwari (Jointly with Spouse)	100,000	100,000

DIRECTORS' EMOLUMENTS

The remunerations and other benefits made to the Directors during the year are disclosed in Note 18.2

DONATIONS

The donations made by the company during the year are disclosed in Note 4.4.

AUDITORS

The Financial Statements have been audited by Messrs. Ernst & Young, Chartered Accountants of Sri Lanka, who have indicated their willingness to continue in office and a resolution relating to their reappointment, will be proposed at the Annual General Meeting.

Fees paid/ provided as at 31st March	**2017**	**2016**
Audit Fees	LKR 727,650	LKR 693,000
Taxation Services	LKR 343,242	LKR 360,000

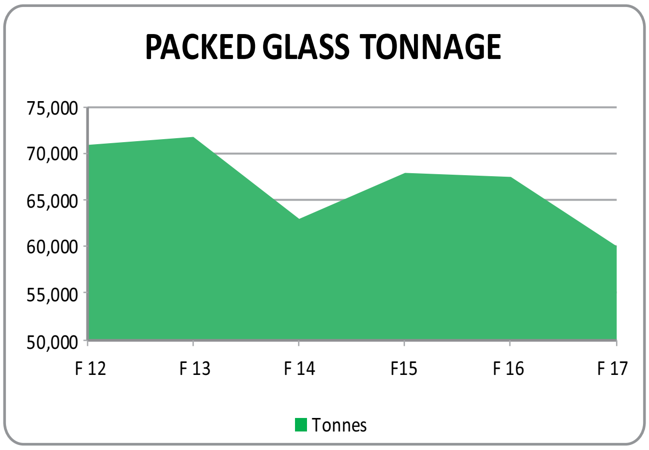
As far as the Directors are aware, the auditors do not have any other relationship with the Company or any of its affiliate company.

Sgd. Sanjay Tiwari	Sgd. R.M.S. Fernando	Sgd. Sagarika Jayasundera
CEO / Executive Director	Director	Company Secretary

2nd May 2017

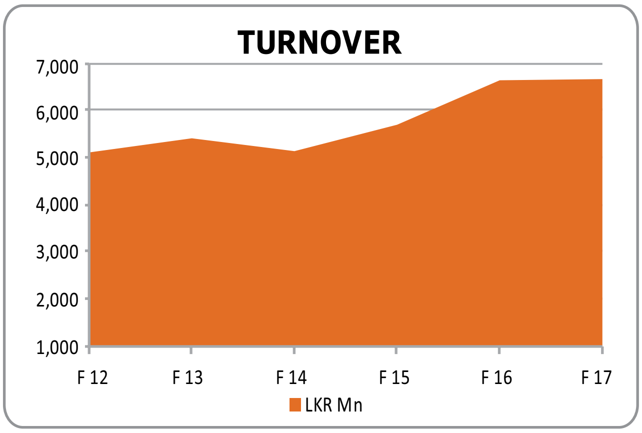
All figures in Tonnes

	F 12	F 13	F 14	F15	F16	F 17
PACKED	70,968	71,827	63,032	67,966	67,533	60,099



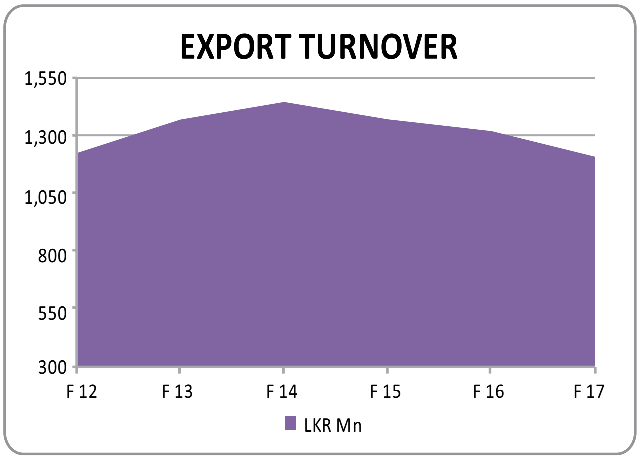
All figures in LKR Mn

	F 12	F 13	F14	F15	F 16	F17
TURNOVER	5,120	5,420	5,147	5,708	6,652	6,677



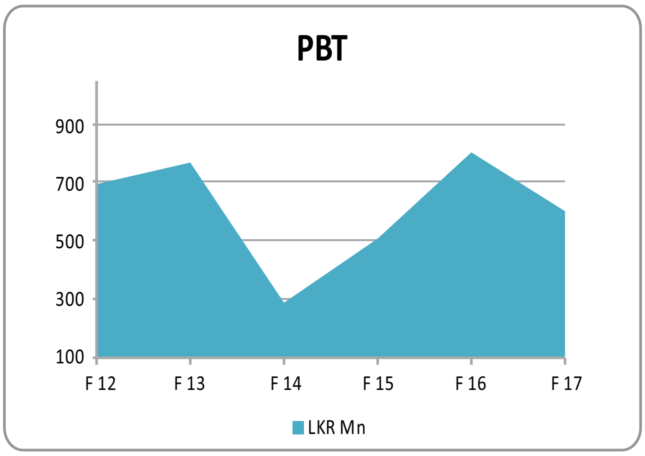
All figures in LKR Mn

	F 12	F 13	F14	F15	F 16	F17
EXPORT	1,225	1,370	1,446	1,371	1,320	1,209



All figures in LKR Mn

	F 12	F 13	F14	F15	F16	F17
PBT	696	770	289	509	805	603



BOARD OF DIRECTORS

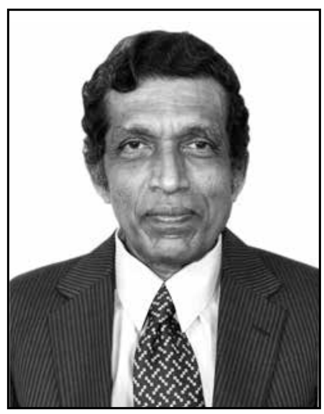
VIJAY SHAH
Chairman
Non Executive, Independent Director

Vijay Shah is presently Executive Director at Piramal Enterprises Ltd. He is also Chairman of the Pharma Operations Board at Piramal Enterprises Ltd. He is also a Director at Piramal Glass Limited. He was appointed to the Board of Piramal Glass Ceylon PLC (formerly known as Ceylon Glass Company Ltd) in 1999.

Vijay Shah started his career in 1982 as Senior Consultant with Management Structure & Systems Pvt. Ltd. – a management consultancy organization providing services for large organizations such as Larsen & Toubro (L&T), Siemens, etc. Post this he joined Piramal Group's Strategic Planning function in 1988 and later moved to Piramal Glass as Managing Director. Under his leadership, Piramal Glass's sales grew from Rs.26 cr in FY1992 to Rs.238 cr in FY2000 (CAGR of 32%). Post his successful stint at Piramal Glass, he was entrusted the responsibility of Pharmaceutical formulations business at Piramal Healthcare in 1999. Under his leadership, the company moved from Rank 23 to Rank 4 in Indian Pharma industry achieving sales of Rs.932 cr in FY2006 (CAGR of ~28% during his tenure). Post this turnaround at Piramal Healthcare, he moved back to Piramal Glass as Managing Director in 2006, where again during his tenure the sales grew at CAGR of 20% (between FY2006-11).

Mr. Shah has done his B.Com (1980) and is a rank holder of the Institute of Chartered Accountants of India (May 1981). He has also done a Management Education Programme from IIM, Ahmedabad (1987) and the Advanced Management Program (AMP) from the Harvard Business School, Boston, USA (Nov. 1997).

C. T. S. B. PERERA
Non Executive, Independent Director



Appointed to the Board of Piramal Glass Ceylon PLC (formerly known as Ceylon Glass Company Ltd) in 2003. Dr Perera has served as the Managing Director of Ceylon Glass Company Ltd from July 1995 to March 2002. He served as the first Chairman of SME Bank, Additional Director General of Board of Investment, Sri Lanka and former Chairman of Industrial Development Board and former deputy chairman of Public Utilities Commision. Presently serves as a Director of Kelani Cables PLC and Director on Board of several reputed Companies.

He holds a PhD-CNAA-North Staffordshire UK, BSc (Hons) CNAA - North Staffodshire UK, BSc University of Ceylon and Fellow of the Institute of Metal, Materials & Mining (UK).

SANJAY TIWARI
CEO/ Executive Director
Executive, Non Independent Director

Appointed to the Board of Piramal Glass Ceylon PLC (formerly known as Ceylon Glass Company Ltd) in December 2005 as CEO and Executive Director. Since 1st June 2013, Mr. Tiwari has been designated as the Chief Operating Officer In Piramal Glass Limited, India to oversee the operations of the Plants in Vadodara, Gujarat, India, in addition to existing responsibilities. Joined Piramal Group in June 2004 as Vice President - Finance & Commercial, heading Accounts, Finance, IT, Logistics and Supply Chain of Piramal Glass Ltd till Nov 2005. Before joining the Piramal Group worked with Zydus Cadila Healthcare Ltd and Torrent Group as CFO and General Manager Commercial for 12 years. Diversified experience in various positions in different Industries - Textile, Colour Chemicals, Cables, Pharmaceuticals, Bulk Drugs and Glass.

Mr. Tiwari, an alumini of London Business School, holds a Bachelors Degree in Commerce from India and is a fellow member of the Institute of Chartered Accountants of India. He has done Advance Financial Management & General Management from the Indian Institute of Management, Ahmedabad, India, and is qualified in Executive Management from the University of Michigan, USA and Senior Executive Management from London Business School, UK.

Mr Tiwari is currently the President of the Sri Lanka Ceramic and Glass Council and the Chairman of Center for Technical Excellence in Ceramics (CENTEC).

R. M. S. FERNANDO
Non Executive, Independent Director

Appointed to the Board of Piramal Glass Ceylon PLC (Formerly known as Ceylon Glass Company Ltd) on 8th October 2007.

Mr. Fernando has worked at the DFCC Bank for 10 years and joined the National Development Bank in 1989 and was the CEO of the National Development Bank from 1989-2001. He also served as the Secretary to the Ministry of Investment Promotions, Industrial Policy, and Constitutional Affairs during 2002-2004. Mr. Fernando has been an international consultant and advisor to the World Bank and the Asian Development Bank.

He is a fellow of the Chartered Institute of Bankers, United Kingdom, Companion of the Chartered Institute of Management in UK and a fellow of the Chartered Institute of Management Accountants in UK. He holds an honours degree in Law from the University of Colombo and is also an Attorney - at - Law.

SAMIT DATTA
Non Executive, Non Independent Director

Appointed to the Board of Piramal Glass Ceylon PLC (Formerly known as Ceylon Glass Company Ltd) on 28th April 2015.

Mr. Samit Datta is working with Piramal Glass Limited since December 2005 and is currently the Head of Global Supply Chain Management and IT for the Piramal Group.

He has worked in various capacities handling Strategic Planning, Corporate Logistics, Global Supply Chain Management & IT . He has over 20 years experience in diverse industries including Automobile, Garment, IT & Packaging .

He is holding BE (Hons) in Mechanical Engineering from NIT, Durgapur, India and a MBA in Manufacturing Management from SP Jain Institute of Management & Research, Mumbai, India.

CORPORATE GOVERNANCE *Compliance Table*
(Colombo Stock Exchange Circular No. 02/2009 and New Listing Rules)

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	At least two non-executive directors or; at least one third of the total number of directors whichever is higher should be Non-Executive Directors.	Compliant	Four out of Five Directors are Non-Executive Directors.
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher should be independent.	Compliant	Three of the Four Non-Executive Directors are independent.
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format.	Compliant	Non-Executive Directors have submitted the declarations.
7.10.3 (a)	Disclosure relating to Directors	Names of independent Directors should be disclosed in the Annual Report.	Compliant	Please refer page 14 in the Annual Report.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of Expertise.	Compliant	Please refer page 9-10 in the Annual Report.
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Names of the members of the Remuneration Committee are available in page 02.
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors a majority of whom can be independent.	Compliant	Remuneration Committee consists of three Non-Executive Directors of which three are independent.
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors.	Compliant	Please refer the Remuneration Committee Report on page 14.
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out;		
		a) Names of Directors comprising the Remuneration Committee.	Compliant	Please refer page 02.
		b) Statement of Remuneration Policy.	Compliant	Please refer the Remuneration Committee Report on page 14 for a brief statement of policy.
		c) Aggregate remuneration paid to Executive & Non-Executive Directors.	Compliant	Please refer page 56
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Compliant	Names of the members of the Audit Committee is available on page 02.
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors a majority of whom can be independent.	Compliant	Audit Committee consists of three Non-Executive Directors of which three are independent.
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	Compliant	CEO/Executive Director and the Financial Controller attend by invitation.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	Chairman of the Audit Committee and one member are members of a professional accounting body.
7.10.6 (b)	Audit Committee Functions	Should be as outlined in the Section 7.10.6(b) of the Listing Rules.	Compliant	Please refer page 14.
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	a) Names of the Directors comprising the Audit Committee.	Compliant	Please refer page 02.
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the impacts for such determination.	Compliant	Please refer Audit Committee Report on page 14.
		c) The Annual Report shall contain a Report of the Audit Committee setting out the manner of Compliance of the functions.	Compliant	Please refer Audit Committee Report on page 14.

CORPORATE GOVERNANCE *Compliance Table (Contd....)*

Rule No.	Subject	Application Requirement	Compliance Status	Details
9.2.1	Related Party Transactions Review Committee	A Listed Company shall have a Related Party Transactions Review Committee with effect from 01.01.2016	Compliant	Names of the members of the RPT Review Committee are available in page 02.
9.2.2	Composition of Related Party Transactions Review Committee	Shall comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors at the option of the Listed Entity.	Compliant	RPT Review Committee consists of three independent Non-Executive directors.
		One Independent non-executive director shall be appointed as Chairman of the Committee.	Compliant	The Chairman of the RPT Review Committee is an Independent non-executive director.
9.2.4	Functions of Related Party Transactions Review Committee	Should be as outlined in the sections 9.2.4 of the Listing Rules	Compliant	Please refer page 15
9.3.2	Disclosure in the Annual Report relating to Related Party Transactions Review Committee	a) Names of the Directors comprising the Related Party Transactions Review Committee	Compliant	Please refer page 02.
		b) A Statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors.	Compliant	Please refer page 15.
		c) The Policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	Compliant	Please refer page 15.
		d) The number of times the Committee has met during the Financial Year.	Compliant	Please refer page 13.
		e) A declaration by the Board of Directors in the Annual Report as an affirmative statement of the Compliance with these Rules pertaining to Related Party Transactions or negative statement in the event the Entity has not entered into any Related Party Transaction/ s.	Compliant	Please refer page 17

Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of RPT entered into during the Financial Year	Aggregate value of RPT as a % of Net Revenue/ Income	Terms & Conditions of the RPT
			LKR		
Piramal Glass Limited.	Parent Company	Purchase of Bottles	957,868,990	14.3%	Note 1
		Purchase of Lids	96,716	0.0%	
		Purchase of Moulds	965,164	0.0%	
		Sale of Scrap Cullet	27,153,927	0.4%	
		Technical Fees	114,946,939	1.7%	Note 2
Piramal Glass - USA, Inc.	Other Related Group Company	Sale of Bottles	157,913,121	2.4%	Note 1

Note 1 - At terms equivalent to those that prevail in arm's length transactions.
Note 2 - As per the agreement entered into between the two companies. Refer Audited Financial statement Note 4.4.

ATTENDANCE OF DIRECTORS AT MEETING

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The Board of the Company met five (5) times during the financial year 2016 - 17 , on the following dates:

(1) 13th April, 2016 (2) 30th June, 2016 (3) 04th August, 2016 (4) 19th October, 2016 (5) 15th February, 2017

The attendance of the Directors at the Board Meetings and the last Annual General Meeting held on 30th June, 2016 were as under:

Name of Director	Board Meetings		AGM
	Held during their tenure	Attended	
Vijay Shah - Chairman	5	5	✓
C.T.S.B.Perera	5	5	✓
Sanjay Tiwari - CEO	5	5	✓
R.M.S.Fernando	5	5	✓
Samit Datta	5	5	✓

ATTENDANCE OF DIRECTORS AT AUDIT COMMITTEE MEETINGS

During the financial year 2016-17, five (05) Audit Committee Meetings were held on the following dates:

(1) 13th April, 2016 (2) 30th June, 2016 (3) 04th August, 2016 (4) 19th October, 2016 (5) 15th February 2017

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Director	Designation	Category	Audit Committee Meeting	
			Held during their tenure	Attended
(1) Vijay Shah	Chairman	Non - Executive Independent Director	5	5
(2) C.T.S.B.Perera	Member	Non - Executive Independent Director	5	5
(3) R.M.S.Fernando	Member	Non - Executive Independent Director	5	5

The Company Secretary is the Secretary to the Committee.

ATTENDANCE OF DIRECTORS AT REMUNERATION COMMITTEE MEETINGS

The Remuneration Committee met on 30th June, 2016 for the financial year 2016 - 17.

The constitution of the committee and the attendance of each member of the committee is given below;

Name of the Director	Designation	Category	Remuneration Committee Meeting	
			Held during their tenure	Attended
(1) Vijay Shah	Chairman	Non - Executive Independent Director	1	1
(2) C.T.S.B.Perera	Member	Non - Executive Independent Director	1	1
(3) R.M.S.Fernando	Member	Non - Executive Independent Director	1	1

ATTENDANCE OF DIRECTORS AT RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETINGS,

During the financial year 2016-17, four (04) RPT Review Committee Meetings were held on the following dates:

(1) 13th April, 2016 (2) 04th August, 2016 (3) 19th October, 2016 (4) 15th February 2017

The constitution of the committee and the attendance of each member of the committee is given below;

Name of the Director	Designation	Category	RPT Review Committee Meeting	
			Held during their tenure	Attended
(1) Vijay Shah	Chairman	Non - Executive Independent Director	4	4
(2) C.T.S.B.Perera	Member	Non - Executive Independent Director	4	4
(3) R.M.S.Fernando	Member	Non - Executive Independent Director	4	4

CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT

A Listed Company shall have a Remuneration Committee in conformity with the following requirements.

This committee shall comprise of a minimum of two independent non-executive directors (in instances where a company has only two directors on its Board); or Non-executive directors, a majority of whom shall be independent, whichever shall be higher. One non-executive director shall be appointed as Chairman of the Committee by the Board of Directors.

The Remuneration Committee is a sub-committee of the Board and the Company's Remuneration Committee consists of three non-executive directors of which three are independent Directors.

The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the listed company and/or equivalent position thereof, to the board of the listed company, which will make the final determination upon consideration of such recommendations.

The Committee has acted within the parameters set by its terms of reference.

The CEO/Executive Director attends the Committee meetings by invitation. However, he does not participate in any discussion pertaining to his remuneration.

The remuneration packages linked to the individual performances are aligned with the Company's long-term strategy.

The Term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received in consideration of employment with the listed company (excluding statutory entitlements such as Employees Provident Fund and Employees Trust Fund).

The aggregate remuneration paid to Executive and Non Executive Directors are disclosed in page 56. The members of the Remuneration Committee are disclosed in page 02.

Sgd. Vijay Shah
Chairman

2nd May 2017

INDEPENDENT DIRECTORS

The Independent directors are Dr.C.T.S.B. Perera, Mr.R.M.S.Fernando and Mr. Vijay Shah. The board is of the opinion that Dr.C.T.S.B. Perera is an independent director, notwithstanding the fact that he has been a director of the Company continuously for a period exceeding nine years. It has been so determined taking to account the experience, qualifications and the industry experience he posses.

AUDIT COMMITTEE REPORT

A Listed Company shall have an Audit Committee. The Audit Committee is established for the purpose of assisting the Board in fulfilling their oversight responsibilities regarding the integrity of the Financial Statements, risk management, internal control and compliance with legal & regulatory requirements, assessment of the independence and performance of the external auditors and internal audit function, make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

The Audit Committee is formally constituted as a Sub-Committee of the Main Board, to which it is accountable.

Audit committee shall comprise of a minimum of two independent non-executive directors (in instances where a company has only two directors on its Board); or Non-executive directors, a majority of whom shall be independent, whichever shall be higher. One non-executive director shall be appointed as Chairman of the Committee by the Board of Directors.

The Company's Audit Committee consists of three non-executive independent Directors. The members of the Audit Committee are disclosed in page 02.

Meetings of Audit Committee

Five meetings were held during the year ended 31st March 2017. The Internal Auditors attended four of these meetings.

Internal Auditors

The internal audit function is outsourced to Messrs. SJMS Associates, a firm of Chartered Accountants. Internal Auditors directly submitted their findings to Audit Committee quarterly and their reports are made available to External Auditors.

External Auditors

The Audit committee reviews the independence and objectivity of the external auditors and conducts a formal review of effectiveness of the external audit process. The committee reviewed the non audit services and its impact on the independence of the external auditors. The Audit Committee has recommended to the Board of Directors that Messers Ernst & Young to be continued as the auditors for the financial year ending 31st March 2018.

Audit Committee Performance

The Annual Performance of Audit Committee was evaluated by other members of the Board of Directors and was deemed to be satisfactory.

Conclusion

The Audit Committee is satisfied that the effectiveness of the organizational structure of the Company and of the implementation of the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with Company's policies and that Company's assets are properly accounted for and adequately safeguarded.

CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

A Listed Company shall have an Related Party Transactions Review Committee on a mandatory basis with effect from 01st January 2016.The Rules relevant to RPT Review Committee are stated under 9.2 of the CSE Listing Rules.

The RPT Review Committee is established for the purpose of reviewing transfer of resources, services or obligations between related parties regardless of whether a price is charged.

According to the section 9.3.2 of the Listing Rules the Listed Entity has to disclose the Related Party Transactions in the Annual Report in the case of Non– recurrent Related Party Transactions, if aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets, whichever is lower. In the case of Recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue /income (or equivalent term in the Income Statement and in the Case of group entity consolidated revenue) as per the Latest Audited Financial Statements the Listed Entity must disclose the aggregate value of the Related party Transactions entered into with the same Related Party. The formats are given in the Listing Rules.

The company has not entered into any Non-recurrent Related Party Transactions during the Financial year 2016-17. All the Recurrent Related Party Transactions entered by the company are disclosed in page 12 in the Annual Report.

The RPT Review Committee is a sub Committee of the Board and the Company's RPT Review Committee shall comprise of a combination of non-executive directors and independent non-executive directors. The composition of the committee may also include executive directors as the option of the List Entity. One independent non-executive director shall be appointed as Chairman of the committee.

The Company's RPT Review Committee consists of three non-executive independent directors .The members of the RPT Review Committee are disclosed in page 02.

Meeting of the RPT Review Committee

The RPT Review Committee shall meet at least once a calendar quarter. The RPT Review Committee of the company has held four meetings for the quarter ended 31st March 2017.

The RPT Review Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/ observations to the Board of Directors. The policies and Procedures adopted by the committee for reviewing the Related Party Transactions are set out as per the section 09 of the new Listing Rules.

Sgd. Vijay Shah
Chairman

2nd May 2017

MATERIAL *foreseeable Risk Factors*

(As per Rule No 7.6 (VI) of the Listing Rules of the CSE)

Risks are the uncertain events, which could have an adverse effect on the achievement of the organization's operational and financial objectives. Risk Management is the practice of managing the resources of the operation in such way to maintain an acceptable level of risk. The Board of Directors of the Company places special emphasis on the management of business risk, providing assurance that sound system of control are in place in order to manage and mitigate the potential impact of such risks.

Piramal Glass Ceylon PLC, being in the Glass Manufacturing industry is exposed to a multitude of risks.

Operational Risk

The Company has designed and implemented a sound system of internal control to prevent operational risks that may arise in day to day activities. The quality and effectiveness of such systems are subject to regular review by the Management and updated with appropriate changes where necessary to suit the changing business environment. Regular internal audits are carried out to ensure that these systems and procedures are being adhered to.

Credit Risk

Credit risk is the potential financial loss arising from the Company's debtors defaulting or failing to pay for goods purchased from the Company within the agreed period. During the year Company was able to manage the Credit Risk whilst capitalizing the good long term relationship built up with the customers.

Liquidity Risk

Liquidity refers to the ability of the Company to meet financial obligations as they become due without affecting the normal operation. During the year under review Company has successfully met its all financial obligations without affecting its day to day operation.

Interest Rate Risk

The exposure to interest rate risk is managed successfully by negotiating better rates by offering sound security and making repayment of loans on time.

Legal Risk

Legal risk arises from legal consequences of a transaction or any other legal implications which may result in unexpected losses to the Company. The Company has placed special emphasis on this and has set up of obtaining outside Experts'/ consultants' opinion regularly.

Reputation Risk

In today's environment, reputation has become an organization's most valuable asset. The Company has recognized the need of maintaining good reputation and in order to protect itself ensure the compliance with all legal and statutory requirements and maintain high standard of ethics and increasing transparency.

Material Issues Pertaining to Employees and Industrial Relations Pertaining to the Entity (As per Rule No 7.6 (vii) of the Listing Rules of CSE)

There were no material issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review which needs to be disclosed.

DIRECTORS' *Responsibilities for the Preparation of Financial Statements*

The responsibilities of the Directors, in relation to the Financial Statements of Piramal Glass Ceylon PLC are set out in this Statement. The Auditors' Report sets out the respective responsibilities of the Directors and the External Auditors relating to the Financial Statements and this statement provides additional information. The responsibilities of the Auditors, in relation to the Financial Statements, are set out in the Auditors' Report on page 20 & 21 of the Annual Report. The external auditors M/s Ernst & Young, appointed in accordance with the resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake whatever inspections they consider appropriate to enable them to form their opinion on the financial statements.

The directors are required by relevant statutory provisions to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company for that period. The Financial Statement for the year 2016/2017 prepared and presented in this Annual report have been prepared based on new Sri Lanka Accounting Standards (SLFRS) which came to effect from 01st January 2012, are in agreement with the underlying books of account and are in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 2000 and the New Listing Rules of the Colombo Stock Exchange. The responsibility of the Directors, in relation to the Financial Statements, is set out in the following statement.

Under section 151 (1) of the Companies Act No. 7 of 2007, the Directors of the Company have responsibilities for ensuring that the Company keeps proper books of account of all the transactions and prepares financial statements that give a true and fair view of the state of affairs of the Company and the profit or loss or income and expenditure for the accounting period ending on that balance sheet date. The Directors consider that these Financial Statements have been prepared using appropriate accounting policies, applied consistently, and supported by reasonable and prudent judgments and estimates and is in compliance with applicable Sri Lanka Accounting Standards and provide the information required by the Companies Act, as relevant. Any change to accounting policies and reasons for such change, is disclosed in the "Notes to the Financial Statements".

The Directors are responsible for keeping proper accounting records, and to take reasonable steps as far as practicable to ensure the accuracy and reliability of accounting records, to enable the preparation of financial statements. The Directors have general responsibilities to take reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view of preventing and detecting fraud and other irregularities.

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

The Board is fully committed to ensure the existence of an effective system of internal control and risk management within the Company and continuously reviews and evaluates the adequacy of and integrity of the systems.

The Directors confirm that the best of their knowledge, all statutory payments relating to employees and Government and other Statutory bodies that were due in respect of the company have been paid where relevant or provided for.

The Directors further confirm that the company is compliance with the Listing Rules Pertaining to Related Party Translations as mentioned in section 9.3.2 of the New Listing Rules. The company has not entered into any Non-recurrent Related Party Transactions during the Financial year 2016-17. All the Recurrent Related Party Transactions entered by the company are disclosed in page 12 in the Annual Report.

The Directors believe, after reviewing the financial position and the cash flow of the Company, that the Company has adequate resources to continue in operation for the foreseeable future and therefore, these Financial Statements are prepared on a going concern basis.

The Directors are of the view that they have discharged the responsibilities as set out in this statement.

By order of the Board

SAGARIKA JAYASUNDERA
Company Secretary & Senior Manager Legal
Piramal Glass Ceylon PLC

2nd May 2017

CELEBRATION OF PROJECT COMPLETION

Chairman
Vijay Shah addressing the Gathering

Board of Directors

CEO & Managing Director
Sanjay Tiwari addressing the Gathering

CSR PROJECTS

Blood Donation Campaign

Water Supply to Village

WATER BOTTLE LAUNCH

DOCTOR CONFERENCE

EY
Building a better working world

Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

NDeS/FNN/JJ

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF PIRAMAL GLASS CEYLON PLC

We have audited the accompanying financial statements of Piramal Glass Ceylon PLC, ("the Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information (set out on pages 22 to 58).

Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

(Contd..)

EY
Building a better working world

Report on Other Legal and Regulatory Requirements

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

a) The basis of opinion, scope and limitations of the audit are as stated above;
b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company, and

- the financial statements of the Company comply with the requirements of section 151 of the Companies Act No. 07 of 2007.

Ernst & Young

02 May 2017
Colombo

STATEMENT *of Profit or Loss for the Year ended 31 March, 2017*

	Notes	2017 LKR	2016 LKR
Revenue	3.1	6,783,010,087	6,755,078,595
Cost of Sales		(5,411,696,115)	(5,258,046,568)
Gross Profit		1,371,313,972	1,497,032,027
Other Operating Income	4.1	29,203,729	4,670,292
Selling and Distribution Expenses		(212,247,221)	(218,302,336)
Administrative Expenses		(409,436,554)	(404,550,753)
Operating Profit		778,833,926	878,849,230
Finance Costs	4.3	(176,423,532)	(74,445,269)
Finance Income	4.2	429,376	200,007
Profit before Tax	4.4	602,839,770	804,603,968
Income Tax Expense	5.1	(117,363,813)	(150,202,406)
Profit for the Year		485,475,957	654,401,562
Earnings Per Share - Basic/Diluted	6	0.51	0.69
Dividend Per Share	6	0.35	0.23

The accounting policies and notes on pages 27 through 58 form an integral part of the financial statements.

STATEMENT *of Other Comprehensive Income for the Year ended 31 March, 2017*

	Notes	2017 LKR	2016 LKR
Profit for the Year		485,475,957	654,401,562
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods:			
Gain/(Loss) on Available for Sale Financial Assets	4.5	(905,206)	(2,437,927)
Income Tax Effect	5.2	-	-
Net Other Comprehensive Income/(Loss) to be Reclassified to Profit or Loss in Subsequent Periods		(905,206)	(2,437,927)
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:			
Actuarial (Gains)/Losses on Defined Benefit Plans	4.5	(10,133,873)	9,857,508
Income Tax Effect	5.2	1,824,097	(1,774,351)
Net Other Comprehensive Income/(Loss) not to be Reclassified to Profit or Loss in Subsequent Periods		(8,309,776)	8,083,157
Other Comprehensive Income/(Loss) for the Year Net of Tax		(9,214,982)	5,645,230
Total Comprehensive Income for the Year Net of Tax		476,260,975	660,046,792

The accounting policies and notes on pages 27 through 58 form an integral part of the financial statements.

STATEMENT *of Financial Position as at 31 March, 2017*

		2017	2016
ASSETS	**Notes**	**LKR**	**LKR**
Non-Current Assets			
Property, Plant and Equipment	7	6,177,790,707	3,691,667,200
Leasehold Properties	8	23,687,732	25,010,768
Available for Sale Investments	9.1	4,651,296	5,016,502
Other Receivables	11	3,451,243	3,359,219
		6,209,580,978	3,725,053,689
Current Assets			
Inventories	10	1,445,845,147	1,444,064,052
Trade and Other Receivables	11	1,097,884,692	1,319,355,353
Prepayments		6,702,597	6,296,565
Income Tax Receivable		32,091,154	-
Cash and Short Term Deposits	12	273,599,499	161,304,982
		2,856,123,089	2,931,020,952
Total Assets		9,065,704,067	6,656,074,641
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	13	1,526,407,485	1,526,407,485
Reserves	14	129,467,811	130,641,460
Retained Earnings		2,555,349,350	2,410,444,854
Total Equity		4,211,224,646	4,067,493,799
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	9.2	2,719,151,788	471,576,306
Deferred Tax Liabilities	5.4	276,971,448	149,252,176
Employee Benefit Liability	15	142,441,079	121,031,795
		3,138,564,315	741,860,277
Current Liabilities			
Trade and Other Payables	16	922,566,065	1,354,755,785
Income Tax Payable		-	59,288,912
Dividends Payable	17	43,890,376	36,258,652
Interest Bearing Loans and Borrowings	9.2	749,458,665	396,417,216
		1,715,915,106	1,846,720,565
Total Equity and Liabilities		9,065,704,067	6,656,074,641

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

……………………………

Niloni Boteju
Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by:

……………………………..	……………………………..
Sanjay Tiwari	R.M.S. Fernando
CEO/Executive Director	Director

The accounting policies and notes on pages 27 through 58 form an integral part of the financial statements.

02 May 2017
Colombo

STATEMENT *of Changes in Equity for the year ended 31 March, 2017*

	Stated Capital	Revaluation Reserves	Retained Earnings	Available for Sale Reserve	Total
	LKR	LKR	LKR	LKR	LKR
As at 01 April 2015	1,526,407,485	127,411,317	1,964,954,933	7,193,070	3,625,966,806
Profit for the Year	-	-	654,401,562	-	654,401,562
Revaluation Impact Eliminated on Disposal of Property, Plant and Equipment	-	(1,525,000)	1,525,000	-	-
Other Comprehensive Income	-	-	8,083,157	(2,437,927)	5,645,230
Total Comprehensive Income	-	(1,525,000)	664,009,719	(2,437,927)	660,046,792
Dividends Paid	-	-	(218,519,798)	-	(218,519,798)
As at 31 March 2016	1,526,407,485	125,886,317	2,410,444,854	4,755,143	4,067,493,799
Profit for the Year	-	-	485,475,957	-	485,475,957
Revaluation Impact Eliminated on Disposal of Property, Plant and Equipment	-	(268,443)	268,443	-	-
Other Comprehensive Income	-	-	(8,309,776)	(905,206)	(9,214,982)
Total Comprehensive Income	-	(268,443)	477,434,625	(905,206)	476,260,976
Dividends Paid	-	-	(332,530,128)	-	(332,530,128)
As at 31 March 2017	1,526,407,485	125,617,874	2,555,349,350	3,849,937	4,211,224,646

The accounting policies and notes on pages 27 through 58 form an integral part of the financial statements.

STATEMENT *of Cash Flows for the year ended 31 March, 2017*

	Notes	2017 LKR	2016 LKR
Cash Flow from Operating Activities			
Net Profit before Tax		602,839,770	804,603,968
Non-cash Adjustment to Reconcile Profit before Tax to Net Cash Flows:			
Depreciation of Property, Plant and Equipment	7.2	552,836,347	460,658,121
Amortization of Leasehold Property	8	1,323,036	1,323,036
Exchange Difference Adjustment		10,711,833	22,065,490
Provision for Employee Benefit Liability	15.1	23,087,061	20,265,618
Other Operating Income	4.1	(29,203,729)	(4,445,478)
Finance Costs	4.3	176,423,532	74,445,269
Finance Income	4.2	(429,376)	(200,007)
Loss/(Profit) on Sale of Property, Plant and Equipment		1,304,520	(992,488)
Operating Profit before Working Capital Changes		1,338,892,994	1,377,723,531
Working Capital Adjustments:			
(Increase) / Decrease in Inventories		(1,781,096)	(10,928,885)
(Increase) / Decrease in Trade and Other Receivables and Prepayments		190,798,198	(14,813,425)
Increase / (Decrease) in Trade and Other Payables		(512,866,830)	228,997,738
Cash Generated from Operations		1,015,043,266	1,580,978,959
Income Tax Paid		(45,458,986)	
Employee Benefit Liability Cost Paid	15.1	(11,811,650)	(19,024,934)
Interest Paid	4.3	(176,423,532)	(74,445,269)
Net Cash Flow Generated from Operating Activities		781,349,098	1,487,508,756
Cash Flows from Investing Activities			
Acquisition of Property, Plant and Equipment	7	(2,961,584,592)	(391,874,878)
Purchase of Equity Shares on un quoted investment		(540,000)	-
Proceeds from Sale of Property, Plant and Equipment		346,957	2,387,387
Sundry Income	4.1	29,044,922	4,131,320
Dividends Received		158,807	314,158
Loans & Advances Granted to Company Officers during the Year		(9,490,000)	(8,530,000)
Repayment of Loans & Advances by Company Officers during the Year		7,573,256	3,937,920
Net Cash Flow Generated from/(Used in) Investing Activities		(2,934,490,650)	(389,634,093)
Cash Flows from Financing Activities			
Proceeds from Interest Bearing Loans and Borrowings		4,968,630,000	5,419,987,190
Dividends Paid		(324,898,404)	(214,724,005)
Repayment of Bank Loans		(2,371,011,563)	(6,270,446,890)
Finance Income	4.2	429,376	200,007
Net Cash Flow Generated from/(Used) in Financing Activities		2,273,149,409	(1,064,983,697)
Net Increase/(Decrease) in Cash and Cash Equivalents		120,007,857	32,890,962
Net Foreign Exchange Difference		(1,752,814)	(515,495)
Cash and Cash Equivalent at the Beginning of the Year	12	139,508,241	107,132,774
Cash and Cash Equivalent at the End of the Year	12	257,763,284	139,508,241

The accounting policies and notes on pages 27 through 58 form an integral part of the financial statements.

NOTES *to the Financial Statement Year ended 31 March, 2017*

1. CORPORATE INFORMATION

1.1 General

Piramal Glass Ceylon PLC ("Company") is a public limited liability Company incorporated and domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The registered office of the Company and principal place of business is located at No. 148, Maligawa Road, Borupana, Ratmalana and the production facility is located in Horana.

1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company was the manufacturing and sale of glass bottles.

1.3 Parent Entity and Ultimate Parent Entity

The Company's parent undertaking is Piramal Glass Limited, which is incorporated in India.

1.4 Directors' Responsibility Statement

The Board of Directors is responsible for the preparation and presentation of Financial Statements of the company as per Sri Lanka Accounting Standards and the provisions of the Companies Act No 7 of 2007.

1.5 Date of Authorization for Issue

The financial statements of Piramal Glass Ceylon PLC for the year ended 31 March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 02 May 2017.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company, which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No 7 of 2007.

2.1.1 Basis of Measurement

The Financial Statements of the Company have been prepared on the historical cost basis, except for the following items in the Statement of Financial Position:

- Available for sale investments are measured at fair value
- The liability for Defined Benefit Obligations are actuarially valued and recognized at the present value

2.1.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.2 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. There was no change in the Company's presentation and functional currency during the current year.

2.3 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year's figures and phrases have been rearranged whenever necessary to conform to the current presentation including the details given in Note 3 to the Financial Statements.

NOTES *to the Financial Statements Year ended 31 March, 2017*

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and Assumptions

The preparation of Financial Statements of the Company in conformity with Sri Lanka Accounting Standards, requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

The most significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the Company are as follows:

a) Employee Benefit Liability

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 15.2 & 15.3.

(b) Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. The management has taken steps to carry out the required study in respect of transfer pricing regulation and has accordingly used critical judgments and estimates in applying the regulations in aspects including but not limited to estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

(c) Deferred Taxes

The Company is liable to Income Tax on the manufacturing operations from 9th December 2012. Significant judgments were required to determine the taxable and deductible temporary differences which extend beyond the tax exemption period.

Accordingly, the Company recognized assets and liabilities for deferred taxes based on such estimates of tax consequences commencing from 9th December 2012.Where the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilized. Judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with the future tax-planning strategies.

(d) Impairment losses on Trade & Other Receivables

The Company reviews its individually significant Receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Receivables that have been assessed individually and found not to be impaired and all individually insignificant Receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

The impairment loss on Trade & Other Receivables is disclosed in Notes 2.5.8.2 and 11.1.

(e) Useful Life-time of the Property, Plant and Equipment

As described in 2.5.4 below The Company review the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

(f) Provision for Slow moving inventories:

A provision for slow moving inventories is recognized based on the best estimates available to management on their future recovery as more fully described in Note 2.5.9. As Management uses present conditions and historical information as the basis to determine the future recoverability, actual future losses on inventories could vary from the provision made in these financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements.

2.5.1 Foreign Currency Translation

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods; with the Company not retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Interest Income

Interest Income is recognized as the interest accrued unless collectability is in doubt. Interest income is included in finance income in the income statement.

(c) Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(d) Others

Other income is recognized on an accrual basis.Net gains and losses on the disposal of property, plant & equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment before the date of transition to SLFRS, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

NOTES *to the Financial Statements Year ended 31 March, 2017*

2.5.3 Taxation

Current Income Tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No 10 of 2006 and the amendments there to.

Pursuant to agreement dated 19 July 2006 entered into with Board of Investment, the Company is exempted from income tax on the manufacturing operations for a period of 5 years from 10 December 2007. This exemption expired on 9 December 2012.

Upon the expiration of above tax exemption period, the Company's profits arising from Manufacturing Operations are taxable at a concessionary rate of 10% for a period of 2 years and at the rate of 20% thereafter.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except, where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognized as a part of the cost of the asset or part of the expense items, as applicable and receivable and payable that are stated with the amount of sales tax included. The net amount of sales tax recoverable from or payable to the taxation authorities is included as a part of receivables or payables in the statement of financial position.

2.5.4 Property, Plant and Equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The asset’s residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Capital expenditure incurred in relation to fixed assets which are not completed as at the Reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

2.5.5 Leasehold Property

Prepaid lease rentals paid to acquire land use rights are amortized over the lease term in accordance with the pattern of benefits derived from the use of such property. Leasehold property is tested for impairment annually and the carrying amount of such property is reduced to its recoverable amount where applicable.

The impairment loss if any is immediately recognized in the income statement.

2.5.6 Borrowing Costs

Borrowing costs are recognized as an expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using Company’s weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for development, but only where activities necessary to prepare the asset for redevelopments are in progress.

2.5.7 Intangible Assets

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of 8 years. Costs associated with maintaining computer software programs are recognized as an expense when incurred.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

NOTES *to the Financial Statements Year ended 31 March, 2017*

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets. Intangible assets with infinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.5.8 Financial Instruments - Initial Recognition and Subsequent Measurement

2.5.8.1 Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include trade and other receivables, loans and other receivables and quoted and non-quoted equity instruments.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement.

The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in selling and distribution expenses.

(c) Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

The Company did not have any held-to-maturity investments during the years ended 31 March 2016 and 31 March 2017.

d) Available-for-Sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve.

Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in profit or loss.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intention and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Company's continuing involvement in it.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.5.8.2 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

a) Financial Assets Carried at Amortised Cost

For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows are discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

b) Available-for-Sale Financial Investments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

2.5.8.3 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognized in the income statement.

The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

b) Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that is an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

NOTES *to the Financial Statements Year ended 31 March, 2017*

2.5.8.4 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.5.8.5 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 9.6

2.5.9 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	-	At actual cost on weighted average basis
Finished Goods & Work-in-Progress	-	At the cost of direct materials, direct labour and an appropriate proportion of fixed and variable production overheads based on normal operating capacity.
Consumables & Spares	-	At actual cost on weighted average basis
Goods in Transit	-	At actual cost

The provision for slow moving inventories is recognized based on the expectations of the Management on future recovery through sale of Inventory Items.

2.5.10 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculations on detailed budgets and forecasts which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecasts are generally covering a period of three years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.5.11 Cash and Short Term Deposits

Cash and short term deposits are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and short term deposits consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.5.12 Dividend Distributions

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

2.5.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and a reliable estimate can be made of the amount of the obligation.

2.5.14 Employee Benefit Liability

a) Defined Benefit Plan - Gratuity

The Company measures the present value of the promised retirement benefits of gratuity obligation which is a defined benefit plan with the advice of an actuary every financial year using Projected Unit Credit Method. Actuarial gains and losses are recognized in other comprehensive income (OCI) in the period in which it arises. The liability is not funded.

b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

NOTES *to the Financial Statements Year ended 31 March, 2017*

c) Lump-sum Payments to Employees

Provision has been made in the financial statements for lump-sum allowances payable to employees by the collective agreement decided by the management.

2.6 EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 March 2017 reporting periods. None of those have been early adopted by the Company.

SLFRS 9 Financial Instruments

In December 2014, the Institute of Chartered Accountant of Sri Lanka issued the final version of SLFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces LKAS 39 Financial Instruments, Recognition and Measurement. The standard introduces new requirements for classification and measurement of impairment, and hedge accounting. SLFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required. But comparative information is not compulsory. Management is yet to quantify the possible impact from SLFRS 9.

SLFRS 15 Revenue from Contracts with Customers

The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

SLFRS 15 will become effective on 01 January 2018.Management is yet to quantify the possible impact from SLFRS 15.

SLFRS 16- Leases

The Institute of Chartered Accountant of Sri Lanka issued the new standard for accounting for leases - SLFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-off - use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise ‘short-term’ leases and leases of ‘low-value’ assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today’s finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

SLFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

Management is yet to quantify the possible impact from SLFRS 16.

Amendments to LKAS 7 Statement of Cash Flows

In September 2016, the Institute of Chartered Accountant of Sri Lanka issued amendments to LKAS 7 Statement of Cash Flows with the intention to improve disclosures of financing activities and help users to better understand the reporting entities’ liquidity positions. Under the new requirements, entities will need to disclose changes in their financial liabilities as a result of financing activities such as changes from cash flows and non-cash items (e.g., gains and losses due to foreign currency movements). The amendment is effective from 1 January 2017.

The Company is currently evaluating the impact of these amendments.

Amendments to IAS 12 Income Taxes

In September 2016, through issuing amendments to LKAS 12, the Institute of Chartered Accountant of Sri Lanka clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Company does not anticipate that adopting the amendments would have an impact on its financial statements.

NOTES *to the Financial Statements Year ended 31 March, 2017*

3. SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on its customer location and has two reportable segments, namely, local sales and export sales.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. However, financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

3.1 Revenue

	2017 LKR	2016 LKR
Net Revenue	6,677,640,752	6,652,207,676
Add : NBT on Sales	105,369,335	102,870,919
Gross Revenue	6,783,010,087	6,755,078,595

3.2 Sale of Goods

	2017 LKR	2016 LKR
Local Sales		
- In House Production	3,403,407,402	4,282,117,812
- Trading	2,065,140,099	1,050,018,907
Total Local Sales	5,468,547,501	5,332,136,719
Export Sales (3.2.1)		
- In House Production	1,201,091,553	1,317,897,162
- Trading	8,001,698	2,173,795
Total Export Sales	1,209,093,251	1,320,070,957
	6,677,640,752	6,652,207,676

3.2.1 Export sales were categorized in to two categories for a better presentation. Accordingly the comparative information were also presented in consistent with current years presentation.

4. OTHER INCOME/EXPENSES

4.1 Other Operating Income

	2017 LKR	2016 LKR
Income from Investments - Quoted	158,807	314,158
Sundry Income	29,044,922	224,814
Write Back of Unclaimed Dividends	-	4,131,320
	29,203,729	4,670,292

4.2 Finance Income

	2017 LKR	2016 LKR
Interest Income	15,174	45,911
Interest Income on Loans Given to Company Officers	414,202	154,096
	429,376	200,007

4.3 Finance Costs

	2017 LKR	2016 LKR
Interest Expense on Overdrafts	1,517,884	2,813,257
Interest Expense on Short Term Borrowings	21,963,986	60,110,024
Interest Expense on Long Term Borrowings	152,941,662	11,521,988
	176,423,532	74,445,269

NOTES *to the Financial Statements Year ended 31 March, 2017*

4. OTHER INCOME/EXPENSES *(Contd...)*

4.4 Profit Before Tax

	2017 LKR	2016 LKR
Stated after Charging/(Crediting)		
Included in Cost of Sales		
Depreciation of Property, Plant & Equipment	550,929,352	459,395,569
Personnel Costs including the following;		
- Employee Benefit Plan Costs - Gratuity	21,561,410	16,711,479
- Defined Contribution Plan Costs - EPF & ETF	28,904,574	27,434,650
Included in Administration Expenses		
Directors' Fees and Emoluments	83,154,451	75,384,823
Audit Fees - Charge for the Year	727,650	693,000
Technical Fee*	114,946,939	139,832,819
Depreciation of Property, Plant & Equipment	1,907,102	1,262,554
Personnel Costs including the following;		
- Employee Benefit Plan Costs - Gratuity	1,525,651	3,554,139
- Defined Contribution Plan Costs - EPF & ETF	3,990,651	3,288,638
Loss/(Profit) on Sale of Property, Plant and Equipment	1,304,520	(992,488)
Donations	1,408,545	704,993
Exchange (Gain)/Loss	15,085,293	9,299,492
Included in Selling and Distribution Costs		
Advertising Costs	9,709,439	8,143,421
Provision for Impairments - Trade Receivables	114,728,077	144,855,945

*Technical Fee represents the amount payable to Piramal Glass Limited - India for the technical advises and assistance provided during the period as per the agreement entered into between the two companies. As per the agreement, if the Company achieved positive Profit before Royalty Fee, Interest, Depreciation and Tax, the amount payable is 2.5% of the Net Sales Value of the locally manufactured products.

NOTES *to the Financial Statements Year ended 31 March, 2017*

5. INCOME TAX

The major components of income tax expense for the Years ended 31 March 2017 and 31 March 2016 are:

5.1 Statement of Profit & Loss

	2017 LKR	2016 LKR
Current income tax:		
Current Tax Expense on Ordinary Activities for the Year	-	115,384,623
Current Tax Expense on Other Income and Trading Profit for the Year	1,614,332	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	(13,793,888)	(660,119)
Deferred tax:		
Deferred Taxation Charge/(Reversal)	129,543,369	35,477,902
Income Tax Expense Reported in the Statement of Profit or Loss	117,363,813	150,202,406

5.2 Statement of Other Comprehensive Income

Actuarial Gains/(Losses) on Defined Benefit Plans	(1,824,097)	1,774,351
Income Tax Charged Directly to Other Comprehensive Income	(1,824,097)	1,774,351

The Company's profits arising from Manufacturing Operations are taxable at a concessionary rate of of 20% and all other profits and income are taxed at the Statutory tax rate.

5.3 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rates for the Years Ended 31 March 2017 and 31 March 2016 are as follows:

	2017 LKR	2016 LKR
Accounting Profit before Income Tax	602,839,770	804,603,968
Aggregate Disallowed Items	673,830,206	633,396,738
Aggregate Allowable Expenses	(1,433,562,077)	(487,075,904)
Other Sources of Income	(8,869,953)	-
Profits and Income Exempt from Tax	(15,174)	(45,911)
Taxable Profit/ (Loss) from Trade	(165,777,228)	950,878,891
Other Sources of Income	8,869,953	-
Less : Qualifying Payments and Other Allowable Deductions	(3,104,483)	(291,546,530)
Taxable Income	5,765,470	659,332,361
Taxable Profits Liable @ 12%	-	206,023,120
Taxable Profits Liable @ 20%	-	453,309,241
Taxable Other Sources of Income Liable @ 28%	5,765,470	-
Statutory Tax Rate - Business Profit on Manufactured & Exports	12%	12%
- Business Profit on Manufactured & Locally Sold	20%	20%
- Trading Profit and other sources of Income	28%	28%
Current Income Tax Expense	1,614,332	115,384,623

NOTES *to the Financial Statements Year ended 31 March, 2017*

5.4 Deferred Tax

Deferred income taxes are calculated on all temporary differences under the liability method and are measured using an effective tax rate. The movement on the deferred tax account is as follows:

Reconciliation of Net Deferred Tax Liability	**2017 LKR**	**2016 LKR**
Balance as at the Beginning of the Year	149,252,176	111,999,923
Charged / (Released) to Statement of Profit or Loss	129,543,369	35,477,902
Income Tax Effect Relating to Components of Other Comprehensive Income	(1,824,097)	1,774,351
Balance as at the End of the Year	276,971,448	149,252,176

5.5 Deferred Tax Assets , Liabilities and Deferred Income Tax relate to the following:

	Statement of Financial Position		**Statement of Profit or Loss and Statement of Other Comprehensive Income**	
	2017 LKR	**2016 LKR**	**2017 LKR**	**2016 LKR**
Deferred Tax Liability				
Property, Plant and Equipment	383,135,260	201,441,081	181,694,179	40,494,297
	383,135,260	201,441,081	181,694,179	40,494,297
Deferred Tax Assets				
Employee Benefit Liability	(26,209,159)	(22,269,850)	(3,939,309)	3,659,874
Provision for Impairment - Trade Receivables	(50,022,868)	(29,919,055)	(20,103,813)	(23,130,163)
Unabsorbed Tax Losses	(29,931,785)	-	(29,931,785)	16,228,245
	(106,163,812)	(52,188,905)	(53,974,907)	(3,242,044)
Deferred Income Tax (Income) / Expense reported in the Statement of Profit or Loss			129,543,369	35,477,902
Deferred Income Tax (Income) / Expense reported in the Statement of Other Comprehensive Income			(1,824,097)	1,774,351
Net Deferred Tax Liability reported in the Statement of Financial Position	276,971,448	149,252,176		

NOTES *to the Financial Statements Year ended 31 March, 2017*

6. EARNINGS PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/loss for the period attributable to equity holders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and the previous period are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the Basic/Diluted Earnings Per Share computations:

	2017	2016
	LKR	LKR
Amount Used as the Numerator:		
Net Earnings Attributable to Equity Shareholders	485,475,957	654,401,562
Number of Ordinary Shares Used as the Denominator:	**Number**	**Number**
Weighted Average Number of Ordinary Shares in Issue	950,086,080	950,086,080

7. PROPERTY, PLANT AND EQUIPMENT

7.1

At Cost	Balance as at 01.04.2016 LKR	Additions/ Transfers In During the Year LKR	Disposals/ Derecognized as Scraps During the Year LKR	Balance as at 31.03.2017 LKR
Freehold Land	132,870,000	-	-	132,870,000
Buildings	1,728,669,880	137,776,756	-	1,866,446,636
Plant and Machinery	2,735,552,750	1,667,512,524	-	4,403,065,274
Electrical Power Installation	814,409,003	53,523,741	-	867,932,744
Furnace	869,739,159	1,340,170,413	(705,549,865)	1,504,359,707
Motor Vehicles	17,841,546	915,740	(4,601,776)	14,155,510
Tools and Implements	26,154,527	7,107,182	-	33,261,709
Office Equipments	129,131,463	71,643,684	(1,079,933)	199,695,214
Gas Station	21,116,708	-	-	21,116,708
Moulds and Neckring Equipment	795,515,900	74,701,349	-	870,217,249
	7,271,000,936	3,353,351,389	(711,231,574)	9,913,120,751
In the Course of Construction				
Capital Work-in-Progress	350,223,511	2,965,910,089	(3,278,650,041)	37,483,559
	350,223,511	2,965,910,089	(3,278,650,041)	37,483,559
Total Gross Carrying Amount	7,621,224,447	6,319,261,478	(3,989,881,615)	9,950,604,310

7.2 **Depreciation**

At Cost	Balance as at 01.04.2016 LKR	Charge for the Year LKR	Disposals/ Transfers for the year LKR	Balance as at 31.03.2017 LKR
Buildings	324,581,855	44,266,419	-	368,848,274
Plant and Machinery	1,733,091,065	239,173,366	-	1,972,264,431
Electrical Power Installation	368,420,490	103,227,213	-	471,647,703
Furnace	786,511,425	89,909,421	(705,549,865)	170,870,981
Motor Vehicles	10,479,743	2,419,786	(2,968,665)	9,930,864
Tools and Implements	13,778,798	2,246,499	-	16,025,297
Office Equipment	107,052,352	11,866,810	(1,061,462)	117,857,700
Gas Station	6,368,062	527,918	-	6,895,980
Moulds and Neckring Equipment	579,273,458	59,198,915	-	638,472,373
	3,929,557,248	552,836,347	(709,579,992)	3,772,813,6043
Total Depreciation	3,929,557,248	552,836,347	(709,579,992)	3,772,813,603

NOTES *to the Financial Statements Year ended 31 March, 2017*

7. PROPERTY, PLANT AND EQUIPMENT *(Contd...)*

7.3 Net Book Values

At Cost	**2017 LKR**	**2016 LKR**
Freehold Land	132,870,000	132,870,000
Buildings	1,497,598,362	1,404,088,025
Plant and Machinery	2,430,800,843	1,002,461,685
Electrical Power Installation	396,285,041	445,988,514
Furnace	1,333,488,726	83,227,734
Motor Vehicles	4,224,646	7,361,803
Tools and Implements	17,236,412	12,375,731
Office Equipment	81,837,514	22,079,110
Gas Station	14,220,728	14,748,646
Moulds and Neckring Equipment	231,744,876	216,242,441
	6,140,307,149	3,341,443,689
In the Course of Construction		
Capital Work-in-Progress	37,483,559	350,223,511
Total Carrying Amount of Property, Plant and Equipment	6,177,790,707	3,691,667,200

7.4 The Rates of Depreciation is Estimated as follows;

		2017	2016
Buildings		2.5% on cost	2.5% on cost
Plant and Machinery		5.6% & 7.5% on cost	5.6% & 7.5% on cost
Electrical Power Installation		4% & 5% on cost	4% & 5% on cost
Furnace	- Steel	7.5% on cost	7.5% on cost
	- Refractory	12.5% on cost	12.5% on cost
Motor Vehicles		7.7% & 15% on cost	7.7% & 15% on cost
Tools and Implements		10% on cost	10% on cost
Office Equipment	- Furniture	10% on cost	10% on cost
	- IT Related Equipment	25% on cost	25% on cost
	- Laptops	25% - 33 1/3%	25% on cost
Gas Station		2.5% on cost	2.5% on cost
Moulds and Neckring Equipment		Based on usage for production	Based on usage for production

7.5 The furnace which was built in 2007 was due for refurbishment and relining during the financial year 2016/17. The relining together with enhancement of capacity up to 300 Ton per day (TPD) and several technological improvements to the existing machinery were carried at an investment of LKR 3 Bn. Accordingly the existing furnace with a Gross Carrying amount of LKR 705,549,865 was dismantled and removed.

7.6 Above Investment in Furnace was financed through Bank Loans and the amount of Borrowing cost capitalized during the year ended 31 March 2017 was LKR 63Mn .The Actual Borrowing cost of the specific borrowings were capitalized

7.7 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of LKR 474,764,545/- (As at 31 March 2016 LKR 1,024,106,652/-).

7.8 INTANGIBLE ASSETS

Intangible Assets having a gross carrying amount of LKR 25,189,128 is fully ammortized as at 31 March 2017 and 31 March 2016.

NOTES *to the Financial Statements Year ended 31 March, 2017*

8. LEASEHOLD PROPERTIES

	2017	2016
Cost	**LKR**	**LKR**
Balance at the Beginning of the Year	39,696,684	39,696,684
Additions during the Year	-	-
Balance at the End of the Year	39,696,684	39,696,684
Amortization and Impairment		
Balance at the Beginning of the Year	14,685,916	13,362,880
Charge for the Year	1,323,036	1,323,036
Balance at the End of the Year	16,008,952	14,685,916
Net Book Value	**23,687,732**	**25,010,768**

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

9.1 Available for Sale Investments

	2017		2016	
	No. of Shares	**LKR**	**No. of Shares**	**LKR**
Quoted Investments				
DFCC Bank PLC	36,064	4,111,296	36,064	5,016,502
Unquoted Investments				
Centre for Technical Excellence in Ceramics-CENTEC Limited	54,000	540,000	-	-
Total	90,064	4,651,296	36,064	5,016,502

9.2 Interest Bearing Loans and Borrowings

	As at 31.03.2017			As at 31.03.2016		
	Amount Repayable Within 1 Year LKR	**Amount Repayable After 1 Year LKR**	**Total LKR**	**Amount Repayable Within Year LKR**	**Amount Repayable After 1 Year LKR**	**Total LKR**
Long Term Loans (9.3)	69,872,450	137,901,788	207,774,238	54,620,475	200,206,306	254,826,781
Project Loans (9.4)	418,750,000	2,581,250,000	3,000,000,000	-	271,370,000	271,370,000
Short Term Loans (9.5)	245,000,000	-	245,000,000	320,000,000	-	320,000,000
Bank Overdrafts (12.2)	15,836,215	-	15,836,215	21,796,741	-	21,796,741
	749,458,665	**2,719,151,788**	**3,468,610,453**	**396,417,216**	**471,576,306**	**867,993,522**

NOTES *to the Financial Statements Year ended 31 March, 2017*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Contd...)*

9.3 Long Term Loan

(a) Loan amount USD 1,510,000

	Standard Charted Bank	Total
	LKR	LKR
As at 01 April 2016	204,826,781	204,826,781
New Loans Obtained	-	-
Repayments	(56,011,562)	(56,011,562)
Exchange Differences	8,959,019	8,959,019
As at 31 March 2017	**157,774,238**	**157,774,238**

Maturity	Interest Rate	Repayment Terms	Outstanding balance as at 31 March 2017	
			USD	LKR
September 2019	3 Months LIBOR + 3.875% p.a. reprised quarterly	16 installments USD 94,375/- each to be paid quarterly ,from December 2015	1,038,125	157,774,238
			1,038,125	**157,774,238**

Security - Primary mortgage over land, building and machinery at Pahala Walahapitiya Village, Nattandiya for USD 1,650,000/-.

(b) Term Loan Facility - LKR 50 Mn

	Commercial Bank of Ceylon PLC	Total
	LKR	LKR
As at 01 April 2016	50,000,000	50,000,000
New Loans Obtained	-	-
Repayments	-	-
As at 31 March 2017	50,000,000	50,000,000

Interest Rate	AWPLR + 0.5% (Monthly Review) (Cap rate 9.25% per annum & Floor rate 7.4% per annum)
Repayment Terms	8 equal quarterly installments of LKR 6,250,000/- each followed by the grace period of 2 years from the first drawdown.
Tenor	04 Years
Security	New furnace plant, machinery & equipment together with land & building at Wagawatta Industrial Park, Horana.

NOTES *to the Financial Statements Year ended 31 March, 2017*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Contd...)*

9.4 Project Loan - Relining & Modernization of Furnace

(a) Loan Amount - LKR 2,000 Mn (Floating rate)

	Commercial Bank of Ceylon PLC	Total
	LKR	LKR
As at 01 April 2016	271,370,000	271,370,000
New Loans Obtained	1,728,630,000	1,728,630,000
Repayments	-	-
As at 31 March 2017	2,000,000,000	2,000,000,000

Interest Rate	AWPLR + 0.5% (Cap rate 9.25% per annum & Floor rate 7.4% per annum)
Repayment Terms	59 equal monthly installments of LKR 33,500,000/- each and a final installment of LKR 23,500,000/- followed by the grace period of 1 1/2 years from the first drawdown.
Tenor	06 1/2 Years (including grace period)
Security	New furnace plant, machinery & equipment together with land & building at Wagawatta Industrial Park, Horana.

(b) Loan Amount - LKR 1,000 Mn (Fixed rate)

	Commercial Bank of Ceylon PLC	Total
	LKR	LKR
As at 01 April 2016	-	-
New Loans Obtained	1,000,000,000	1,000,000,000
Repayments	-	-
As at 31 March 2017	1,000,000,000	1,000,000,000

Interest Rate	9% per annum (Fixed)
Repayment Terms	59 equal quarterly installments of LKR 16,750,000/- each & LKR 11,750,000 as final installment followed by the grace period of 1 1/2 years from the first drawdown.
Tenor	06 1/2 Years (including grace period)
Security	New furnace plant, machinery & equipment together with land & building at Wagawatta Industrial Park, Horana

NOTES *to the Financial Statements Year ended 31 March, 2017*

9. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Contd...)*

9.5 Short Term Loan

Short Term Loan	Citibank N.A.	Standard Chartered Bank	Total
	LKR	LKR	LKR
As at 01 April 2016	320,000,000	-	320,000,000
New Loans Obtained	1,757,000,000	483,000,000	2,240,000,000
Repayments	(1,832,000,000)	(483,000,000)	(2,315,000,000)
As at 31 March 2017	**245,000,000**	**-**	**245,000,000**

9.6 Fair Values

Management Assessed that Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term Borrowings mainly consists of floating rate borrowings. Accordingly fair value does not materially deviate from the carrying value.

9.7 Fair Value Hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2017, the Company held the following financial instruments carried at fair value on the Statement of Financial Position.

Assets Measured at Fair Value	2017	Level 1	Level 2	Level 3
	LKR	LKR	LKR	LKR
Available for Sale Financial Assets				
Quoted Equity Shares	4,111,296	4,111,296	-	-
	4,111,296	4,111,296	-	-

During the reporting Year ending 31 March 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

NOTES *to the Financial Statements Year ended 31 March, 2017*

10. INVENTORIES

	2017 LKR	2016 LKR
Raw Materials	337,092,265	340,607,302
Work in Progress	21,047,566	34,870,195
Finished Goods	745,693,660	590,778,507
Consumables and Spares	366,978,007	429,622,537
Stock in Transit	10,158,929	52,997,838
Less: Obsolete and Slow Moving Inventory	(35,125,280)	(4,812,327)
	1,445,845,147	1,444,064,052

11. TRADE AND OTHER RECEIVABLES

		2017 LKR	2016 LKR
Trade Receivables	- Related Party (11.1)	44,959,536	31,096,391
	- Others	1,261,336,304	1,280,404,056
Less : Provision for Impairments		(271,863,416)	(162,603,557)
		1,034,432,424	1,148,896,890
Advances and Other Receivables		57,120,012	165,950,927
Loans to Company Officers		9,783,499	7,866,755
		1,101,335,935	1,322,714,572
Total Current		1,097,884,692	1,319,355,353
Total Non - Current		3,451,243	3,359,219
		1,101,335,935	1,322,714,572

Trade receivables are non-interest bearing and are generally on terms up to 45 days for domestic customers and exports customers are generally on terms up to 120 days depending on the circumstances.

11.1 Trade Receivables includes amounts due from related parties as follows.

	Relationship		
Piramal Glass - USA, Inc.	Other Related Company	42,272,224	30,691,810
Piramal Glass Limited	Parent Company	2,687,312	404,581
		44,959,536	31,096,391

As at 31 March 2017 and 31 March 2016, the ageing analysis of trade receivables, is as follows:

			Past Due			
	Total	Neither Past Due nor Impaired	< 60 Days	61-120 Days	121-180 Days	> 180 Days
	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn	LKR Mn
As at 31 March 2017	1,306	966	87	18	8	227
As at 31 March 2016	1,312	950	93	40	9	220

NOTES *to the Financial Statements Year ended 31 March, 2017*

12. CASH AND SHORT TERM DEPOSITS

		2017	2016
		LKR	LKR
12.1	**Favourable Cash and Cash Equivalent Balances**		
	Cash at Bank and on Hand	273,599,499	161,304,982
		273,599,499	161,304,982
12.2	**Unfavourable Cash and Cash Equivalent Balances**		
	Bank Overdrafts (9.2)	(15,836,215)	(21,796,741)
	Cash and Cash Equivalents for the Purpose of Cash Flow Statement	257,763,284	139,508,241

13. STATED CAPITAL

		As at		As at	
		2017	2016	2017	2016
		Number	Number	LKR	LKR
13.1	Ordinary Shares	950,086,080	950,086,080	1,526,407,485	1,526,407,485

13.2 Rights, Preference and Restrictions of Classes of Capital

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

14. OTHER RESERVES

	2017	2016
	LKR	LKR
Revaluation Reserve (14.1)	125,617,874	125,886,317
Available for Sale Reserve	3,849,937	4,755,143
	129,467,811	130,641,460

14.1 Revaluation reserve consists of net surplus resulting from the revaluation of property, plant and equipment before the date of transition to SLFRS in relation to assets still in use.

15. EMPLOYEE BENEFIT LIABILITY

	2017 LKR	2016 LKR
15.1 Defined Benefit Obligation		
Changes in the present value of the defined benefit obligation are as follows:		
Balance at the Beginning of the Year	121,031,795	129,648,619
Interest Cost	14,523,815	13,483,456
Current Service Cost	8,563,246	6,782,162
Actuarial (Gains) / Losses on Obligation	10,133,873	(9,857,508)
Benefits Paid during the Year	(11,811,650)	(19,024,934)
Balance at the End of the Year	142,441,079	121,031,795

15.2 M/S Actuarial and Management Consultants (Pvt) Ltd, Actuaries carried out an actuarial valuation for defined benefit plan for the year ended 31 March 2017.The actuarial valuation involves making assumptions about discount rate, average expected future working lives, salary escalation rate, promotion rates and mortality rates. The key assumptions used by the actuary include the following.

Actuarial valuation for Employee benefit obligation as of 31 March 2016, was carried out by Messrs. K A.Pandit, Actuaries.

	2017	2016
Method of actuarial valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount rate:	13.0%	12%
Retirement age:	55 Years	55 Years
<u>Salary Escalation Rate</u>		
Non Executive	9%	8.5%+ Salary Scales
Executive	11%	8.5%+ Salary Scales
<u>Attrition Rate</u>		
Non Executive	4%	2%
Executive	9%	2%
<u>Expected future working life (No of years)</u>		
Non Executive	11.65	14
Executive	7.25	14
Mortality table:	A1967-70 Mortality Table for Assured Lives	A1967-70 Mortality Table for Assured Lives

NOTES *to the Financial Statements Year ended 31 March, 2017*

15. EMPLOYEE BENEFIT LIABILITY *(Contd...)*

15.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2017.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year is as follows.

A one percentage point change in the assumed rate of increase in salary escalation rate would have the following effects:

	Increase	Decrease
	LKR	LKR
2017		
Effect on the defined benefit obligation	7,122,789	(6,604,242)

A one percentage point change in the assumed discount rate would have the following effects:

	Increase	Decrease
	LKR	LKR
2017		
Effect on the defined benefit obligation	(5,794,611)	6,343,199

15. EMPLOYEE BENEFIT LIABILITY *(Contd...)*

15.4 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the defined benefit obligation.

2017		Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income					
	01 April 2016	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2017
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Defined Benefit Obligation	121,031,795	8,563,246	14,523,815	23,087,061	(11,811,650)	3,567,059	3,897,136	2,669,677	10,133,873	-	142,441,079
Benefit Liability	121,031,795	8,563,246	14,523,815	23,087,061	(11,811,650)	3,567,059	3,897,136	2,669,677	10,133,873	-	142,441,079

2016		Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income					
	01 April 2015	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2016
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Defined Benefit Obligation	129,648,619	6,782,162	13,483,456	20,265,618	(19,024,934)	-	(10,703,933)	846,425	(9,857,508)	-	121,031,795
Benefit Liability	129,648,619	6,782,162	13,483,456	20,265,61	(19,024,934)	-	(10,703,933)	846,425	(9,857,508)	-	121,031,795

NOTES *to the Financial Statements Year ended 31 March, 2017*

15. EMPLOYEE BENEFIT LIABILITY *(Contd...)*

15.5 The expected maturity analysis of undiscounted retirement obligation is as follows:

	2017 LKR
Within the Next 12 Months	26,374,675
Between 1 and 6 Years	106,528,512
Between 6 and 10 Years	73,285,212
Beyond 10 years	118,041,583
	324,229,982

16. TRADE AND OTHER PAYABLES

		2017 LKR	2016 LKR
Trade Payable	- Related Party (16.1)	100,768,733	343,286,091
	- Others	404,844,449	628,819,244
Other Payables	- Related Party (16.2)	84,037,978	66,856,306
Sundry Creditors including Accrued Expenses		332,914,905	315,794,144
		922,566,065	1,354,755,785

Trade payables are non-interest bearing and are normally settled on 30-60 day terms.

16.1 Trade Payables to Related Party	Relationship		
Piramal Glass Limited	Parent Company	100,768,733	343,286,091
		100,768,733	343,286,091

16.2 Other Payables - Related Party	Relationship		
Piramal Glass Limited	Parent Company	84,037,978	66,856,306
		84,037,978	66,856,306

17. DIVIDENDS PAYABLE

	2017 LKR	2016 LKR
Unclaimed Dividends	43,890,376	36,258,652
	43,890,376	36,258,652

NOTES *to the Financial Statements Year ended 31 March, 2017*

18. RELATED PARTY DISCLOSURES

During the Year the Company has entered into transactions with the following Related Parties. The material transactions have been disclosed below.

18.1 Transaction with Group Companies

Name of Company	Relationship		
Piramal Glass Limited	Parent Company		
		2017	**2016**
		LKR	**LKR**
Nature of Transactions			
Purchasing of Bottles		947,710,061	781,892,239
Purchasing of Bottles - In Transit		10,158,929	52,997,838
Purchasing of Lids		96,716	-
Purchasing of Moulds		965,164	4,326,052
Purchasing of Refractory		-	22,046,459
Technical Fees		114,946,939	139,832,819
Sale of Bottles		-	128,030
Sale of Scrap Cullet		27,153,927	-

		2017	**2016**
		LKR	**LKR**
Name of Company	**Relationship**		
Piramal Glass - USA, Inc.	Other Related Company		
Nature of Transaction			
Sale of Bottles		157,913,121	94,221,087

The amounts payable to the above related party as at 31 March 2017 and 31 March 2016 are disclosed in Notes 16.1 and 16.2 and amounts receivable from the above related parties as at 31 March 2017 and 31 March 2016 are disclosed in Note 11.1.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free.

NOTES *to the Financial Statements Year ended 31 March, 2017*

18. RELATED PARTY DISCLOSURES *(Contd…)*

18.2 Transactions with Directors/Key Management Personnel *

	2017	2016
	LKR	LKR
Short term Employee Benefits	83,154,451	75,384,823
Post - Employment Benefits	-	-
Other Long term Benefits	-	-
Termination Benefits	-	-
Share Based Payments	-	-
Total Compensation paid to Key Management Personnel	83,154,451	75,384,823

* Key Management personnel include the Board of Directors and the Chief Executive Officer of the Company.

19. COMMITMENTS AND CONTINGENCIES

19.1 Capital Expenditure Commitments

The Company does not have any commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at the reporting date (As at 31 March 2016 LKR 2,784 Mn)

19.2 Contingent Liabilities

There are no significant contingent liabilities as at the reporting date.

20. ASSETS PLEDGED

The Carrying value of property, plant and equipment pledged by the Company as security for facilities obtained from banks is as follows.

Nature of Assets	Nature of Liability	Carrying Value of Assets Pledged	
		2017	2016
		LKR Mn	LKR Mn
Immovable Properties	First/Secondary Mortgage for Loans and Borrowings	5,559	2,859
		5,559	2,859

21. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements, except the Board of Directors of the Company has proposed the first and final dividend of LKR 0.26 per share for the financial year ended 31 March 2017.

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

22.1 Introduction

Risk is inherent in Company's business activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Board of Directors of the Company places special consideration on the management of such risks. The Company is mainly exposed to;

a. Market risk
b. Commodity price risk
c. Interest rate risk
d.. Exchange rate risk
e. Liquidity risk
f. Equity price risk
g. Credit risk

22.1.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments.

Financial risk management is carried out by Piramal Glass Ceylon Finance Division under policies approved by the Board which set out the principles and procedures with respect to risk tolerance, delegated authority levels, internal controls, management of foreign currency, interest rate and counterparty credit exposures and the reporting of exposures.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity's financial performance.

22.1.2 Commodity Price Risk

The Entity is affected by the availability & price of certain commodities. The main impact for Piramal Glass Ceylon PLC is through energy & Imported Raw Material. The imported Raw material price risk is mitigated through long term agreements & central purchasing done by Piramal Group Procurement division. The energy cost consists of LPG, Furnace oil & Electricity.

In managing the commodity price risk part of the cost increases are passed on to the customer through the annual price increases.

22.1.3 Interest Rate Risk

Interest rate risk is the risk that the entity's financial position will be adversely affected by movements in floating interest. All of the entity's interests are linked to variable rates.

The entity exposure to interest rate risk is minimized by maintaining an appropriate mix between Rupee borrowings & Dollar borrowing. The fluctuating rate variance of Rupee borrowing is minimized by the LIBOR linked Dollar borrowing whilst the Exchange exposure of the Dollar loan is minimized by the Rupee loan.

The sensitivity of the income statement is the effect of the assumed changes in interest rate on the profit or loss for the year is as follows.

	2017	
Increase/(Decrease) in Interest Rate	**Effect on Statement of Profit or Loss**	**Effect on Statement of Financial Position**
	LKR	**LKR**
1%	(19,186,021)	(19,186,021)
- 1%	19,186,021	19,186,021

NOTES *to the Financial Statements Year ended 31 March, 2017*

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Contd...)*

22.1.4 Exchange Rate Risk

Exchange risk arises out of the commercial transactions that the entity enters into outside Sri Lanka. The major part of the foreign transactions is dealt with US Dollars The company has a natural hedging by way of its operational transactions as the inflow of foreign currency through export sale off sets the import cost and the US dollar loan premium and interest.

The sensitivity of the income statement and statement of financial position is the effect of the assumed changes in exchange rate on the profit or loss and long term foreign currency borrowings for the year is as follows.

Increase/(Decrease) in Exchange Rate	2017	
	Effect on Statement of Profit or Loss	Effect on Statement of Financial Position
	LKR	LKR
1%	(150,853)	(150,853)
- 1%	150,853	150,853

22.1.5 Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due.

Liquidity risk management involves maintaining available funding and ensuring the entity has access to an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Piramal Glass Finance aims to maintain flexibility within the funding structure through the use of bank overdrafts, Short Term loans, Letter of Credit & Guarantees.

Entity manages this risk via maintaining an undrawn committed liquidity at any given moment that can be drawn upon at short notice to meet any unforeseen circumstance.

The Company also regularly performs a comprehensive analysis of all cash inflows and outflows that relate to financial assets and liabilities.

The Below table summarises the maturity profile of the Company's financial liabilities as at 31 March 2017.

Type of Loan	1 - 6 Months	6 - 12 Months	1 - 6 Years	Total
	LKR	LKR	LKR	LKR
Long Term Loans	28,686,225	41,186,225	137,901,788	207,774,238
Project Loan - Relining & Modernization of Furnace	134,000,000	284,750,000	2,581,250,000	3,000,000,000
Short Term Loans	245,000,000	-	-	245,000,000
Trade and Other Payables	922,566,064	-	-	922,566,064
Bank Over Drafts	15,836,215	-	-	15,836,215
	1,346,088,504	325,936,225	2,719,151,788	4,391,176,517

22.1.6 Equity Price Risk

The key objectives of the entity when managing capital is to safeguard its ability to continue as a going concern and maintain optimal returns to shareholders and benefits for other stakeholders.

During the past years the management has tried its best to maintain a steady percentage of pay-out as its dividend.

22.1.7 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables).

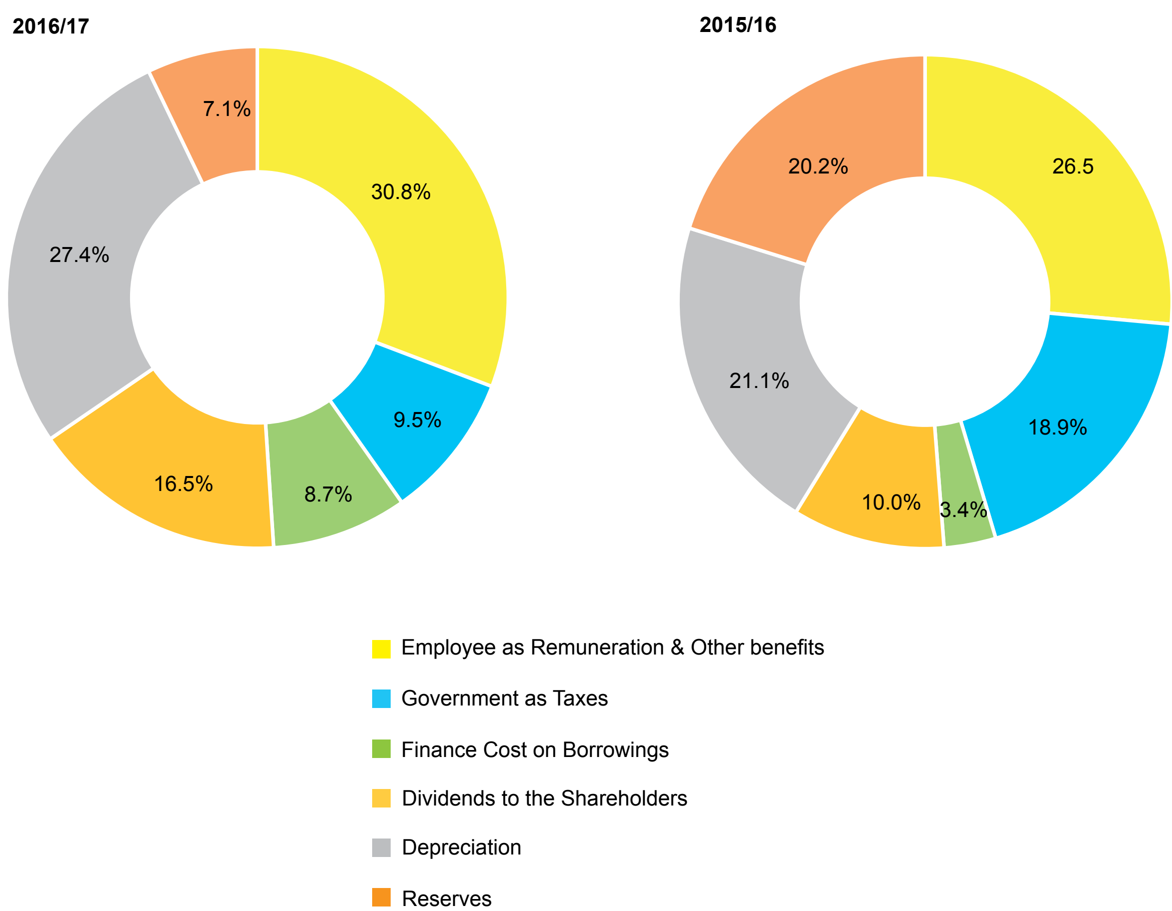
The Company minimizes is credit risk towards its customers by having agreements with customers and having high level scrutiny before converting a cash customer to a credit customer. Also the company adheres to the policy of obtaining guarantees from new customers as the requirement may seem fit.

22.2 Capital Management

The Company monitors the adequacy of capital structure of the company. In determining the capital structure, the Board of Directors is concern about the controlling interest of the Parent, Piramal Glass Limited - India. The objective of the Company is to maintain a balance between access to funds and flexibility through borrowed funds (Project loans, long term loans, short term loans and bank overdrafts) rather than using equity funding. Access to source of funds is sufficiently available and financing for operational purposes has already been secured.

STATEMENT *of Value Added*

	2016/17		2015/16	
	LKR Mn	**%**	**LKR Mn**	**%**
Gross Revenue	7,541		7,359	
Less : Cost of Material/ Service Provided	(5,525)		(5,171)	
Value Addition	**2,016**		**2,188**	
Employees as Remuneration & Other benefits	621	30.8%	579	26.5%
Government as Taxes	191	9.5%	414	18.9%
Providers of Capital				
Finance Cost on Borrowings	176	8.7%	74	3.4%
Dividends to the Shareholders	333	16.5%	219	10.0%
Retained in the Business as				
Depreciation	553	27.4%	461	21.1%
Reserves	144	7.1%	442	20.2%
	2,016	**100.0%**	**2,188**	**100.0%**



SHAREHOLDER'S *and Investor Information*

1 STOCK EXCHANGE LISTING

Issued Ordinary Shares of Piramal Glass Ceylon PLC are listed with Colombo Stock Exchange of Sri lanka.

2 MAJOR SHAREHOLDERS AS AT 31 MARCH

		2017		2016	
	Name of Shareholder	No. of Shares	%	No. of Shares	%
1	Piramal Glass Limited	536,331,880	56.45	536,331,880	56.45
2	Employees Provident Fund	90,317,140	9.51	90,317,140	9.51
3	Citi Bank New York S/A Norges Bank Account 2	25,500,000	2.68	25,500,000	2.68
4	Citi Bank NY S/A Salient International Dividend signal Fund	17,918,874	1.89	17,918,874	1.89
5	Union Assurance PLC/Account no.05 (Unit-Linked Life Insurance Fund-Equity Tracker Fund)	11,438,250	1.20	-	-
6	Mr. G Dangampola and Mrs.N P Dangampola	10,289,155	1.08	10,289,155	1.08
7	Mr. S D R Arudpragasam	9,400,000	0.99	9,430,000	0.99
8	Mr. N Perera	8,350,000	0.88	8,350,000	0.88
9	Bangkok Glass Industry Company Limited	6,280,000	0.66	6,280,000	0.66
10	MR. M J Fernando	6,212,042	0.65	-	-
11	Mr. H M Udeshi	6,092,507	0.64	5,550,000	0.58
12	People's Bank	5,900,066	0.62	5,900,066	0.62
13	Anverally and Sons (Pvt) Ltd A/C No 01	5,003,216	0.53	-	-
14	Mr. M K Chandrasiri	5,000,000	0.53	5,000,000	0.53
15	Alpex Marine (Pvt) Ltd	5,000,000	0.53	5,000,000	0.53
16	DFCC Bank PLC A/C 1	5,000,000	0.53	7,500,000	0.79
17	Mr. E Joseph and Mr. A J Tissera	4,020,000	0.42	3,801,500	0.40
18	Employees Trust Fund Board	3,780,256	0.40	3,780,256	0.40
19	Mr. A J Tissera	3,701,000	0.39	3,700,000	0.39
20	Bank of Ceylon No. 1 A/c	3,288,600	0.35	3,288,600	0.35
	Ms. O D Gunewardene	-	-	5,184,454	0.55
	Mrs. M T Moosajee	-	-	3,220,000	0.34
	Mr. U P Pushparaj	-	-	3,215,000	0.34
	Sub Total	768,822,986	80.92	759,556,925	79.95
	Others	181,263,094	19.08	190,529,155	20.05
	Grand Total	**950,086,080**	**100.00**	**950,086,080**	**100.00**

3 SHAREHOLDING AS AT 31ST MARCH

From	To	No. of Holders		No. of Shares		%	
		2017	2016	2017	2016	2017	2016
1	1,000	2,987	2,952	1,388,593	1,389,029	0.15	0.15
1,001	10,000	8,381	8,579	25,147,464	26,137,941	2.65	2.75
10,001	100,000	1,325	1,403	44,458,785	47,432,069	4.68	5.00
100,001	1,000,000	249	265	65,561,637	67,390,142	6.90	7.10
Over 1,000,000		47	49	813,529,601	807,736,899	85.62	85.00
		12,989	**13,248**	**950,086,080**	**950,086,080**	**100.00**	**100.00**

Categories of Shareholders	2017	2016	2017	2016	2017	2016
Local Individuals	12,678	12,911	185,038,110	199,119,621	19.48	20.95
Local Institutions	232	254	168,933,810	155,309,922	17.78	16.35
Foreign Individuals	71	75	4,973,052	3,983,715	0.52	0.42
Foreign Institutions	8	8	591,141,108	591,672,822	62.22	62.28
	12,989	**13,248**	**950,086,080**	**950,086,080**	**100.00**	**100.00**
Percentage of Shares held by the public	43.54%	43.54%				

SHAREHOLDER'S *and Investor Information*

4 SHARE PRICE

Market price per share for the year	2016/17		2015/16	
Highest Price	LKR 6.10	16-05-2016	LKR 7.10	24-08-2015
Lowest Price	LKR 5.00	07-07-2016	LKR 4.70	09-03-2016
Closing Price	LKR 5.60		LKR 5.10	

5 SHARE TRADING

	2016/17	2015/16
Number of Shares Traded During the year	75,092,491	140,673,154
Value of Shares Traded during the year - LKR	410,822,976	876,216,591
Number of Transaction during the year	6,680	9,653

6 MARKET CAPITALIZATION

As at 31st March - LKR Mn.	5,320	4,845

TEN *Year Financial Review*

31st March	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
OPERATING RESULTS	**LKR ’000**	**LKR ’000**	**LKR ’000**	**LKR ’000** (Restated)	**LKR ’000**	**LKR ’000**	**LKR ’000**	**LKR ’000**	**LKR ’000**	**LKR ’000**
Revenue (Gross)	6,783,010	6,755,079	5,791,988	5,220,116	5,500,908	5,197,424	4,163,266	3,518,763	2,936,155	2,014,128
Profit/(Loss) before Tax	602,840	804,604	508,567	289,346	767,307	694,990	591,953	(61,092)	(261,250)	49,174
Tax Expenses/(Reversal)	117,364	150,202	69,151	6,089	45,750	9,678	13,279	-	(314)	14,031
Profit/(Loss) after Tax	485,476	654,402	439,416	283,257	721,557	685,312	578,674	(61,092)	(260,936)	35,143
SHARE CAPITAL & RESERVES										
Stated Capital	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407	1,526,407
Other Reserves	2,684,817	2,541,086	2,099,559	2,022,827	2,102,657	1,719,644	1,318,396	688,558	749,651	933,730
Shareholders’ Funds	4,211,224	4,067,493	3,625,966	3,549,234	3,629,064	3,246,051	2,844,803	2,214,965	2,276,058	2,460,137
ASSETS LESS LIABILITIES										
Current Assets	2,856,123	2,931,021	2,870,545	2,879,152	3,006,918	2,220,006	1,808,489	1,824,274	1,747,296	1,462,651
Current Liabilities	(1,715,915)	(1,846,721)	(2,421,971)	(2,851,629)	(2,845,007)	(2,344,684)	(2,044,461)	(2,706,548)	(2,786,489)	(1,947,622)
Net Current Assets/ (Liabilities)	1,140,208	1,084,300	448,574	27,523	161,911	(124,678)	(235,972)	(882,274)	(1,039,193)	(484,971)
Non Current Assets	6,209,581	3,725,054	3,595,190	3,714,718	4,103,714	4,634,140	4,890,448	4,977,112	5,279,281	4,888,629
Total Assets Less Current Liabilities	7,349,789	4,809,354	4,043,764	3,742,241	4,265,625	4,509,462	4,654,476	4,094,838	4,240,088	4,403,658
Non Current Liabilities	(3,138,564)	(741,860)	(417,798)	(193,006)	(636,560)	(1,263,410)	(1,809,674)	(1,879,873)	(1,964,031)	(1,943,521)
Net Assets	4,211,225	4,067,494	3,625,967	3,549,235	3,629,065	3,246,052	2,844,802	2,214,965	2,276,057	2,460,137
Ratios & Other information										
Earnings Per Share (LKR)	0.51	0.69	0.46	0.30	0.76	0.72	0.61	(0.06)	(0.27)	0.05
Dividend Per Share (LKR)	0.35	0.23	0.38	0.38	0.36	0.30	-	-	0.02	0.15
Return on Equity (%)	12	16	12	8	20	21	20	(3)	(11)	1
Dividend Payout ratio (%)	51	51	50	127	50	50	50	-	-	54
Market value per share (LKR)	5.60	5.10	5.70	3.40	6.10	6.10	11.10	2.20	1.30	2.00
Price Earning Ratio (times covered)	10.98	7.39	12.39	11.33	8.03	8.47	18.20	(36.66)	(4.81)	40.00
Interest Cover	3.75	9.79	4.46	2.40	3.81	4.09	2.93	0.89	0.60	1.22
Current Ratio (times covered)	1.66	1.59	1.19	1.01	1.06	0.95	0.88	0.67	0.63	0.75
Liquidity Ratio (times covered)	0.82	0.81	0.59	0.45	0.51	0.46	0.49	0.40	0.35	0.51
Gearing Ratio	0.76	0.13	0.06	0.10	0.31	0.54	0.75	1.18	1.25	0.96
Net Asset per share (LKR)	4.43	4.28	3.82	3.74	3.82	3.40	2.99	2.33	2.40	2.59

Note : Ten years financial information and ratios have been restated/recalculated for the year ended 31st of March 2011 and 2012 as per the revised SLFRS financial statements.

GLOSSARY *of Financial Terminology*

Earnings/ (Loss) Per share	:	Net Profit After Taxation/ Number of Shares
Dividend Per share	:	Dividends paid during the year/ Number of Shares
Return on Equity	:	Profit/(Loss) after Tax / Shareholders’ Funds
Dividend Payout Ratio	:	Declared or Proposed Dividend for the year/ Profit after tax for the year
Price Earning Ratio	:	Market Value as at year end/ Earning Per Share
Interest Cover	:	Profit Before Interest/ Interest
Current Ratio	:	Current Asset/ Current Liabilities
Liquidity Ratio	:	(Current Asset - Stocks)/ Current Liabilities
Gearing Ratio	:	Total Long Term Loans/ Shareholders’ Fund
Net Asset per share	:	Shareholders’ Funds/ Number of Shares

NOTICE *of Meeting*

NOTICE IS HEREBY GIVEN that the Sixty second (62^{nd}) Annual General meeting of the Company will be held on the 23^{rd} June 2017 at 10.00 a.m. at Hotel Mount Lavinia ,100, Hotel Road, Mount Lavinia for the following purposes.

1. To receive and consider the Annual Report of the Board and the Financial Statement of the Company for the year ended 31st March 2017, together with the Report of the Auditors thereon.

2. To re-appoint Messrs. Ernst & Young Chartered Accountants as Auditors of the Company until the next Annual General Meeting and to authorize the Directors to fix their remuneration.

3. To re-elect as a Director Mr. V.K. Shah who retires by rotation in terms of Article 98 of the Articles of Association of the Company and being eligible has offered himself for re-election.

4. To re-elect as a director Mr.R.M.S.Fernando, who attained the age of 74 years on 29th September 2016 and retires pursuant to section 210 of the Companies Act. No.07 of 2007 and to resolve that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. R.M.S.Fernando and that he shall accordingly be re-appointed.

5. To re-elect as a Director Dr. C.T.S.B.Perera who attained the age of 71 years on 16 th April 2016 and retires pursuant to section 210 of the companies Act No .07 of 2007 and to resolve that the age limit of 70 years referred to in section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Dr. C.T.S.B.Perera and that he shall accordingly be re-appointed.

6. To approve and declare a final dividend of LKR 0.26 per share as authorized by the directors.

7. To approve the donations and contributions made by the directors during the year under review and to authorize the Board to determine donations and contributions for the ensuing year.

Note:

Any shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him.

A proxy need not to be a shareholder. Instruments appointing proxies must be lodged with the Company not less than 48 hours before the meeting.

By Ordered of the Board

Ms.Sagarika Jayasundera
COMPANY SECRETARY & SENIOR MANAGER LEGAL
PIRAMAL GLASS CEYLON PLC
148, Maligawa Road, Borupana,
Rathmalana.

Colombo on this 2^{nd} May 2017

FORM *of Proxy*

ANNUAL GENERAL MEETING

1	**Full Name of Shareholder**	
2	**National Identity Card Number of Shareholder**	
3	**Address of Shareholders**	
	Being a member/members of the Piramal Glass Ceylon PLC hereby appoint:	
4	**Name of Proxy holder**	
5	**National Identity Card Number of Proxyholder**	
6	**Address of Proxyholder**	

"Failing him, Mr.Vijay Shah,the Chairman of Piramal Glass Ceylon PLC,or failing him,Dr.C.T.S.B.Perera or failing him Mr.R.M.S.Fernando or failing him,Mr.Samit Datta or failing him,Mr.Sanjay Tiwari as my /our proxy to speak / vote for me / us on me / our behalf at the 62nd Annual General Meeting of the Company to be held on the on the 23rd of June 2017 at 10.00 a.m. at Hotel Mount Lavina , 100 ,Hotel Road,Mount Lavina at any adjournment thereof and at every poll which may be taken in connection with such meeting and to vote as indicated below."

		For	**Against**
1	To receive and consider the Annual Report of the Board and the Financial Statements of the Company for the year ended 31st March 2017, together with the Report of the Auditors thereon.		
2	To re-appoint Messrs. Ernst & Young Chartered Accountants as Auditors of the Company until the next Annual General Meeting and to authorize the Directors to fix their remuneration.		
3	To re-elect as a Director Mr. V.K. Shah who retires by rotation in terms of Article 98 of the Articles of Association of the Company and being eligible has offered himself for re-election.		
4	To re-elect as a director Mr.R.M.S.Fernando ,who attained the age of 74 years on 29th September 2016 and retires pursuant to section 210 of the Companies Act.No.07 of 2007 and to resolve that the age limit of 70 years referred to in section 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr.R.M.S. Fernando and that he shall accordingly be re-appointed.		
5	To re-elect as a Director Dr.C.T.S.B.Perera who attained the age of 71 years on 16 th April 2016 and retires pursuant to section 210 of the Companies Act No .07 of 2007 and to resolve that the age limit of 70 years reffered in section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Dr.C.T.S.B.Perera and that he shall accordingly be re-appointed.		
6	To approve and declare a final dividend of LKR 0.26 per share as authorized by the directors.		
7	To approve the donations and contributions made by the directors during the year under review and to authorize the Board to determine donations and contributions for the ensuing year.		

7	**Number of Shares held**	Central Depository System		Non Central Depository System	
8	**Signature of Shareholder**				
	Date				

ATTENDANCE SLIP

SHAREHOLDER - PLACE YOUR SIGNATURE ONLY IN THE SPACE PROVIDED
PROXYHOLDER - PLACE YOUR NAME, NIC NO, SIGNATURE IN THE SPACE PROVIDED

SIGNATURE OF SHAREHOLDER	
SIGNATURE OF PROXYHOLDER	
PROXYHOLDER'S FULL NAME	
PROXYHOLDER'S NIC NUMBER	

Important : Please bring your National Identity Card when you attend the Meeting

FORM *of Proxy*

A Proxy need not be a member of the Company.

INSTRUCTIONS FOR THE COMPLETION OF THE FORM OF PROXY

Shareholders are requested to:

1. Forward the completed form of proxy to the Registered Office of the Company, Piramal Glass Ceylon PLC at No. 148, Maligawa Road, Borupana, Ratmalana, not less than 48 hours before the time appointed for the holding of the meeting.

2. Perfect the form of proxy by filling in all necessary details legibly, signing and dating.

3. Complete the form in capital letters.

   If the Shareholder is a Company or a Corporate body the form of the proxy should be executed under the common seal in accordance with its Articles of Association.

Piramal Glass Factory Locations

Sri Lanka

Wagawatte Road,
Poruwadanda, Horana.
Telephone: +94 344 938 965-67
+94 347 800 200
Fax: +94 342 258 120

Marawila Road, Nattandiya.
Telephone: +94 327 800 200-4
Fax: +94 322 255 193

India

Piramal Glass Ltd, ONGC Road.,
Tarsadi Village,
Kosamba (R.S.), Dist. Surat,
PIN 394120 India

Piramal Glass Ltd, Gajera Road,
Uchhad Village, Jambusar,
Dist.Bharuch, PIN 392150 India

USA

Flat River Glass, 1000 Taylor Avenue,
Park Hills, Missouri, MO 63601, USA

PGI Decora, 918E, Malaga Road, Williamstown,
NJ 08094, USA

Piramal Glass Ceylon PLC
PQ 190

148, Maligawa Road, Borupana, Ratmalana, Sri Lanka
Tel: +94 112635481-83/ +94 117800200-4 | Fax: +94 112635484
Web: www.piramalglassceylon.com

Design & Printed by M.D.GUNASENA AND COMPANY PRINTERS (PRIVATE) LIMITED.