
2019/20

ANNUAL REPORT



GALOYA PLANTATIONS PRIVATE LIMITED



Annual Report
2019/20



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Vision

Our passion is to rebuild the sugar cane industry in Sri Lanka to make worthwhile contribution to expedite high productivity, realizing goals of the stakeholders, and to be the market leader while supporting the green

Maximum utilization of all available resources which are potential to rebuild the sugar industry in the eastern province and diversify its business, and to build highly skilled, motivated, professional, dynamic and ethical employees in the organization whilst supporting the environment to generate high and continuous revenue generation

Mission

Profile



Galoya Plantations (Pvt) Limited, (GOPL) was formed in 2007 for the purpose of revitalizing the former Hingurana Sugar Industries Limited, that was closed since 1997.

The Public Reforms Commission, on behalf of the Government of Sri Lanka invited expression of interest from the interested parties to restore the Hingurana Sugar Industries Ltd and to re-cultivate the lands attached to the factory.

A consortium led by Brown & Company PLC and Lanka ORIX Leasing Company PLC forwarded a proposal to the Government of Sri Lanka to enter into a Public-Private Partnership (PPP) thereby to revitalize then abundant sugar factory.

Having perused the proposal, a new company was formed as a joint venture between the Government of Sri Lanka and the consortium. In addition, Galoya Holdings (Pvt) Ltd, the consortium was appointed as the exclusive managing agent.

The plantation consists of 7,659 ha of land with approximately 5,200 ha of cultivatable extent allotted amongst 4,400 families. The rest of the area is occupied by factory buildings, housing complexes, high lands reservations, field roads and drainages. The project area is divided into 5 major zones namely Varipathanchena, Galmuduwa, Deegawapi, Hingurana, and Neeththa.

Key Highlights

Cultivation Extent with Agronomy (Ha)



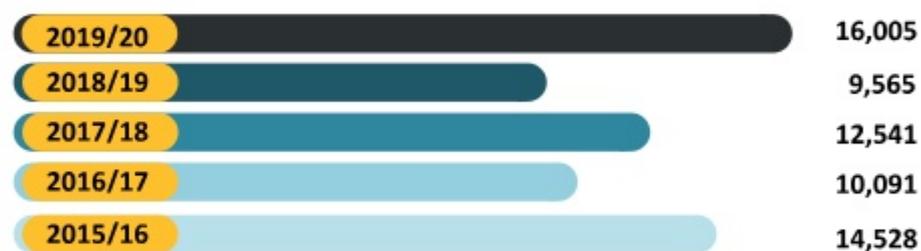
Cane Harvest (Mt)



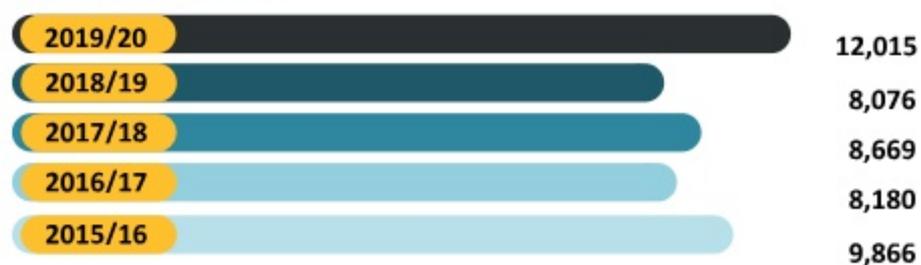
Cane Crushed (MT)



Sugar Production (MT)



Molasses Production (MT)



Executive Director's Statement

I am pleased to report on the performance of Galoya Plantations Private Limited for the financial year ended 31st March 2020.

Galoya Plantations is having 51% majority owned by the government and 49% owned by LOLC PLC and Brown & Co. PLC the private sector. The government share of 51% considered movable and immovable property, including the closed factory and abandoned land. Remaining 49% holds the private sector invested by LOLC and Browns as private investment. This is the first Public Private Partnership of the Sri Lankan Government.

As at 31st March 2020, Galoya Plantations has invested Rs. 10.224 billion towards the resuscitation of the Hingurana Sugar Factory. The Year's turnover has increased to Rs. 3,750 mn from Rs. 2,023 mn in the previous 2018/19.

Galoya Plantations is currently produced Sugar, ENA, Electricity and Bio-Compost and by-products based on sugarcane cultivation, and other value products will be produced, especially CO₂ Gas bottling. CO₂ project groundwork has already started. Galoya is able to contribute for about 35% of the local brown sugar production in the country. Furthermore, the ban on the importation of ethanol as instructed by His Excellency the President has led to the country becoming self-sufficient in the production of ethanol required domestically. Accordingly, we contribute for more than 40% of the local ethanol production in the country. In addition, arrangements have been made to generate electricity through the Power Generation Project and transfer 8.75 MW to the National Grid. In addition, a 2 MW solar power generation project has been launched in support of the President's "Soorya Bala Sangramaya", Project capacity will be increased up to 3.75 MW within short period. Another decision of the President has been to encourage compost production in the country by suspending the import of chemical fertilizers and pesticides to build a country free of toxins.

As this concept is also a concept of ours, we established the largest compost yard having capacity of 7,000 MT in Sri Lanka in the year 2018/19.

This whole project consists with 7,000 farming families, over 1,300 direct jobs and over 20,000 indirect employment opportunities mainly within the area, which is making it the largest industry operating in the Eastern Province. This has boosted the economy of more than 28,000 people living in the area and the Galoya Plantations has made a significant contribution to the upliftment of the country's economy. This has supported to uplift livelihoods of the community with new revenue streams. Considerable developments have been seen during the past few years in the area where the factory is located. Because of this factory there have been more jobs and it has immensely helped improve employee's financial situation and their wellbeing.

Revitalization of Hingurana Sugar factory has also created path to develop infrastructure especially roads and canals in their working areas. Internal roads have been rehabilitated for easy accesses. Canals are also being renovated with the assistance of the Irrigation Department.

Galoya Plantations has been spending around Rs. 3 billion each year since 2011 by improving the income of these communities in ways of farmer payments, tractor payments, salaries, procuring items for operations etc. Further, we support religious places, schools, hospitals by providing basic infrastructure facilities.



All these projects and benefits are based primarily on the yield of sugarcane farmers and the future of sugarcane cultivation.

The company further hopes to invest towards the expansion of sugarcane cultivation in Siyambalanduwa, Madulla, Nellyyadda, Mahaoya and Ampara areas. And also, increase of sugarcane crushing capacity by 25% with sugar factory modifications, increase the power generation from 2MW to 10 MW, capturing CO2 for commercial purpose from distillery, establishment of Bio Unit and roof solar power project in following years and these are currently in the pipeline.

The company contributes to the rural economy as well as the national economy by import substitution from our products.

I wish to acknowledge the shareholders, Reputed Ministries and Officials for their continued support. I wish to thank our management Staff, all the employees, workers without their cooperation and commitment, our Company could not have this remarkable achievement.

Danesh Abeyrathne
Executive Director

Chief Operating Officer's Statement

I am pleased to report on the performance of Gal Oya Plantations Private Limited for the financial year ended on 31st March 2020.

At the end of this financial year, the total area under sugarcane reached to 6,400 ha which is the highest sugarcane area reported ever up to this financial year. Lands of sugarcane belongs to our company extend over major zones namely Varipathanchena, Galmaduwa, Hingurana, Neeththa, Deegawapiya & out grower areas in Ampara and Siyambalanduwa. Over the year 2019/20 we executed the planting programme of 2,102 ha. Further, seed cane harvested in a financial year was reported during this period as 28,537 MT.

During the season of 2019/20 commercial cane of 225,707 MT has been harvested from our cane cultivated fields. Based on the cane supply, company produced 16,005 MT sugar and 12,015 MT of molasses at the renderment of 7.06. In addition, we produced 4,686,312 liters of ENA from the molasses produced in this year and the ex-stock of last year. But we produced only 1,000 MT of Bio Compost for the period due to no sales commenced.

Presently the products of Galoya Plantations consist of Sugar, ENA, Bio Fertilizer and 2 MW of Electricity (own consumption). Several new projects are in pipe line for the sustainability and growth of the industry long-term. Increasing the sugarcane crushing capacity by 25% with sugar factory modifications, increasing the power generation from 2MW to 10 MW, capturing CO₂ for commercial purpose from distillery are future projects which have positive long-term impact that will bring improvement in future.

At present Galoya Plantations is having over 7000 farmers and created over 20,000 direct and indirect jobs in Digamadulla. In addition to sugar production, ENA and organic fertilizer is produced using its byproducts.

Galoya Plantations is having the largest organic fertilizer yard in Sri Lanka. It foreshadows the further strengthening of the Digamadulla economy and Digamadulla will be able to increase its prosperity through the Galoya Plantations projects such as the 10 MW Power Plant, 2.8 MW Solar Power Project and Carbon Dioxide Production Project, which the company already started to carry out.

The sugar production in year 2019/20 was below the target that we projected, due to various reasons especially sugarcane diseases, unexpected flooding, heavy drought condition causing drop of yield. However, compared to last financial year there is a 67% increase in sugar production. Further, the recoverable sugar in cane increased during this year. We achieved 94% of the ENA production out of 5,000,000 Liters target for the financial year by operating 214 days. This was mainly due to the drop of sales and ex stock that we had. Same issue faced for the bio compost production and we were compelled to reduce the compost production against the target.

We look at the year ahead with optimism and expect the industry environment to be more conducive. Many sustainable initiatives are implemented by the company to overcome the problems related to plantation. Developing and introducing resistant varieties to variety profile, using hot water treated primary cane for nursery planting, maintaining field sanitation will manage the pest and disease. Improving the drainage facility, renovation of the irrigation system and distributing bio compost fertilizer will facilitate reaching the optimum yield.

Further, Company has planned to launch yield dividends among farmers to increase the interest of cultivation. Introducing high sugar yielding varieties to the variety profile of the plantation and shifting from old machinery to the novel high-tech machinery in the Sugar Factory will increase the recoverable sugar content.

The Company possesses significant strengths; such as a land extent of 5,202 ha allocated exclusively for Sugar cane; knowledge and expertise of farmers who count more than 50 year experience; access to irrigation facilities and infrastructure facilities, and direct coordination with the Sugarcane Research Institute on seed cane and research and knowledge and experience of other staff. The share owned by LOLC PLC and Brown and Company PLC have provided utmost support for the management of the Galoya Plantations since the inception of the company. These factors find the Company well poised to harness a market in which the supply remains insufficient to meet the demand for its product of Sugar.

Galoya Plantations has spent Rs. 3,600 mn as salary and Rs. 6,800 mn as payments to farmers and Rs. 4,300 mn as other agricultural payments has been pumped into the Ampara economy. Also contributed 124,650 MT of sugar, 17 million liters of ethanol and 6,000 MT of compost to the national economy and approximately US \$ 78 mn have contributed to the economy through these products. With the right support and partnership for Galoya, 10,500 hectares of sugarcane can be expanded as planned and 1 million tons of sugarcane can be obtained from it. It can also produce 75,000 tons of sugar and produce 14 million liters of ENA using by product of molasses. Also, 16 MW of electricity can be supplied to the national grid using the bagasse that comes as a waste in the crushing of sugarcane. In addition, 15,000 tons of compost can be produced using the waste of spentwash, filter mud and boiler ash.



I wish to thank the Ministries, Treasury, LOLC and Browns Management, Board of Directors for continuous support throughout the period. Let me extend my sincere thanks to our valuable farmers, farmer society leaders, dedicated and hardworking management staff, all the employees and workers for the cooperation and commitment, throughout the year. Most Venerable Theros and other religious leaders of Ampara District should be acknowledged with respect for their valuable advice and support.

Surath Perera
Chief Operating Officer

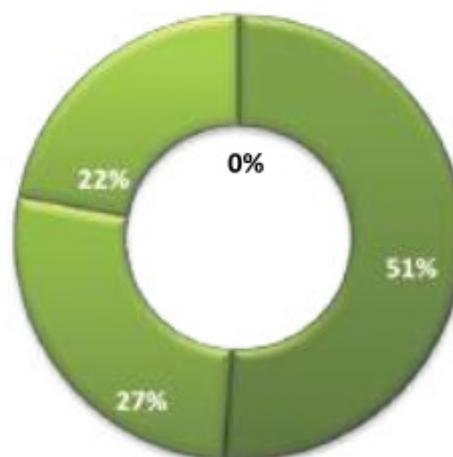
Financial Highlights

TOTAL ASSETS (RS.)

Cash and Cash Equivalents	50,633,696
Income Tax Receivable	27,051,675
Amount Due from Related Party	3,481,444
Trade and Other Receivables	96,539,302
Inventories	759,515,497
Biological Assets	22,873,048
Infrastructure Development	51,985,064
Loans Given to Farmers	540,458,388
Capital Work-in-Progress	3,138,361
Right to use Land & Buildings	225,400,000
Property, Plant and Equipment	2,062,997,867

SHAREHOLDING (%)

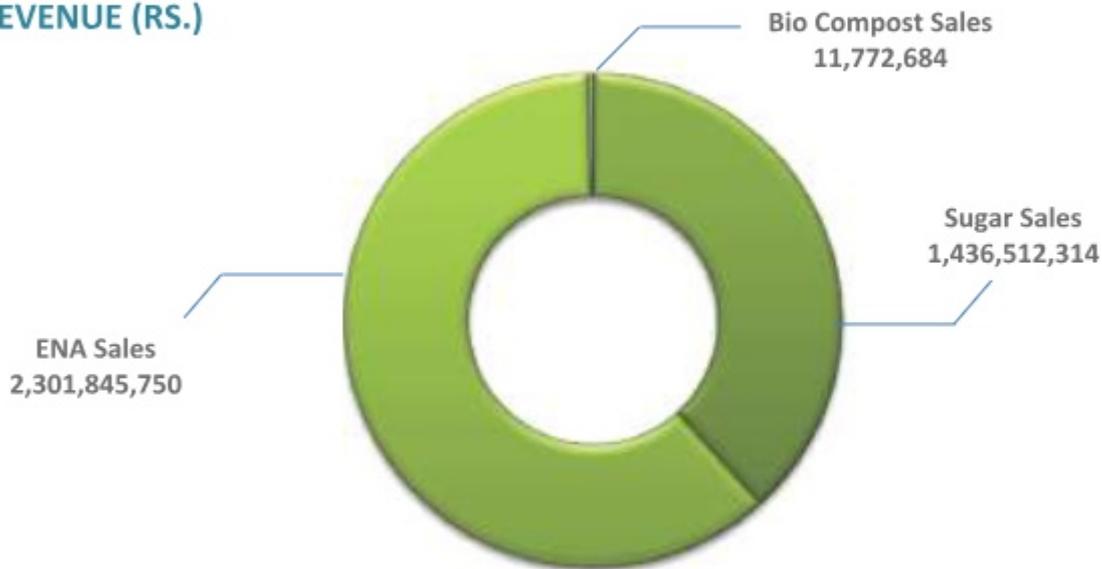
- Secretary to the Treasury
- LOLC Holdings PLC
- Browns & Company PLC
- Ishara Chinthaka Nanayakkara
- Galoya Holdings Private Limited



BORROWINGS/RE-FINANCE (RS.)



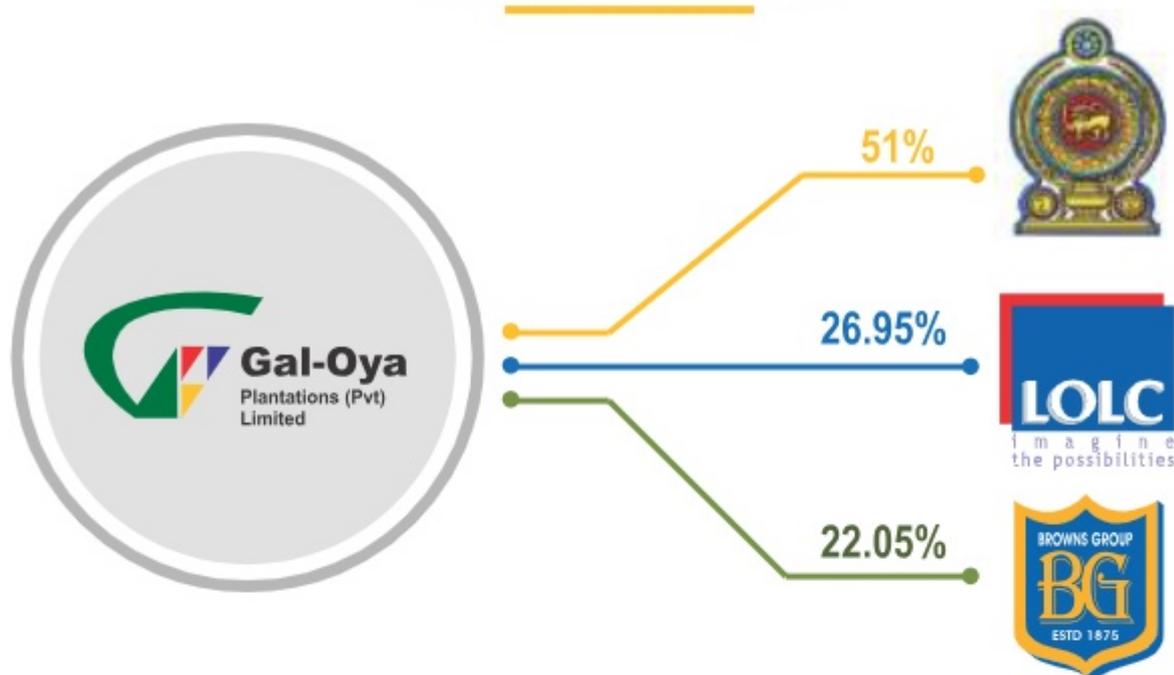
REVENUE (RS.)



COST & EXPENSES (RS.)



Shareholders



LOLC Holdings PLC

Thirty-five years ago, a company with a very good eye for the future and the facility of reading the times with accuracy opened its doors to provide what was then Sri Lanka's pioneer portfolio of leasing solutions to an eager market. This company was Lanka ORIX Leasing Company (LOLC). Over the intervening years; this bold and dynamic approach has enabled LOLC to grow its business beyond the field of leasing and into many other areas within the financial services realm. Its aim then was to become one of Sri Lanka's premier total financial solutions providers. LOLC soon became the LOLC Group as it established group companies specialized in offering financial services beyond leasing, such as factoring, savings and deposits, tailored financial products for the SME sector, microfinance, Islamic financing and foreign currency deposits. Leveraging the synergies from its diversified portfolio, LOLC began to offer services such as fleet management, information technology and vehicle-related services. LOLC took strategic decision to align new business development with the emerging areas of growth and development in Sri Lanka and this has seen the Group move into areas such as Agriculture, Leisure, Construction and Renewable Energy whilst continuing to grow its existing portfolio. Today, LOLC is one of Sri Lanka's truly sustainable business conglomerates. What has not changed or diminished however are the qualities of dynamism, agility, passion and that unique ability to open up opportunities for all. One of LOLC's core deliverables across all businesses is empowerment. From budding entrepreneurs to top corporate, its business has always been about delivering products and services that enhance and advance lives and livelihoods; about making dreams come true and fulfilling long-held aspirations; about empowering people.



Government of Sri Lanka

The government of the democratic socialist republic of Sri Lanka has decided through its participation in the Company to proceed with the revitalization of Hingurana Sugar Industries Limited (“HSIL”) for the revival of the sugar factory at HSIL for the production of sugar, alcohol, ethanol (e-diesel), to ensure that sugar cane shall be purchased as per pricing formula linked to the prevailing Domestic Industry Average and to maintain the existing irrigation infrastructure to sustain the existing areas of cultivation and to generate electricity as a byproduct.



Brown & Company PLC

Brown & Company PLC (BCL) is a diversified conglomerate with operations in seven key industry sectors. BCL use their deep understanding of Sri Lankan consumer needs derived from over 145 years in business, to deliver quality in products and services to Sri Lankans everywhere.

Browns is the Sri Lankan home for many leading global brands. Building global brands into local market dominance is a skill Browns has mastered over a century. International brands benefit from Browns’ intimate understanding of local markets, sales and marketing expertise, distribution infrastructure, partnership-oriented organisational culture, corporate reputation, and financial strengths, as well as its synergistic relationship with LOLC, Sri Lanka’s largest financial services conglomerate. Browns Group has gathered in-depth local market understanding over a period of almost 150 years, making the Group uniquely positioned to deliver success to global brands in the local market.

BCL have grown quietly yet exponentially into the active, sophisticated and valuable company it is today – simply and unobtrusively, by greatly expanding our portfolio and delivering excellence in products, services and value to everyone we serve.

Board of Directors (as at 31st March 2020)



Mr. K.A.K.P. Gunawardena - Director

Attorney-at-Law, Postgraduate Diploma in Marketing Management (PIM) Sri Jayawardenapura Chief Operating Officer - LOLC, Chief Legal Officer - LOLC Group. Joined LOLC in 2004 and counts over 30 years of experience as a Lawyer. He has held a number of important positions in the State, including the office of State Counsel attached to the Attorney General's Department, the Office of Director – Legal & Enforcement of the Securities and Exchange Commission of Sri Lanka and the Insurance Board of Sri Lanka and was involved in setting up the Consumer Affairs Authority as its first Director General. He serves on the Boards of a number of local and overseas subsidiaries within the LOLC Group.



Mr. W.K.D.T. Abeyrathne Executive Director

Bachelor of Science (Engineering) (Hons), Associate Member of the Chartered Institute of Management Accountants (UK), Associate Member of the Chartered Institute of Marketing (UK), Associate Member of the Chartered Global Management Accountants (USA), Associate Member of Institute of Engineers (SL).

Mr. Abeyrathne is an Executive Director of Galoya Plantations (Pvt) Ltd and Director of Gal-Oya Holdings (Pvt) Ltd. He is also an Executive Director of Brown & Company PLC. He has more than 10 years experience in managerial level in several leading companies including multinationals. He has worked for foreign projects when he was working for multinationals.



Mr. Wasantha D. Batagoda - Director

LL.B (Hons) , (Colombo) LL.M (Colombo). Attorney –at – Law

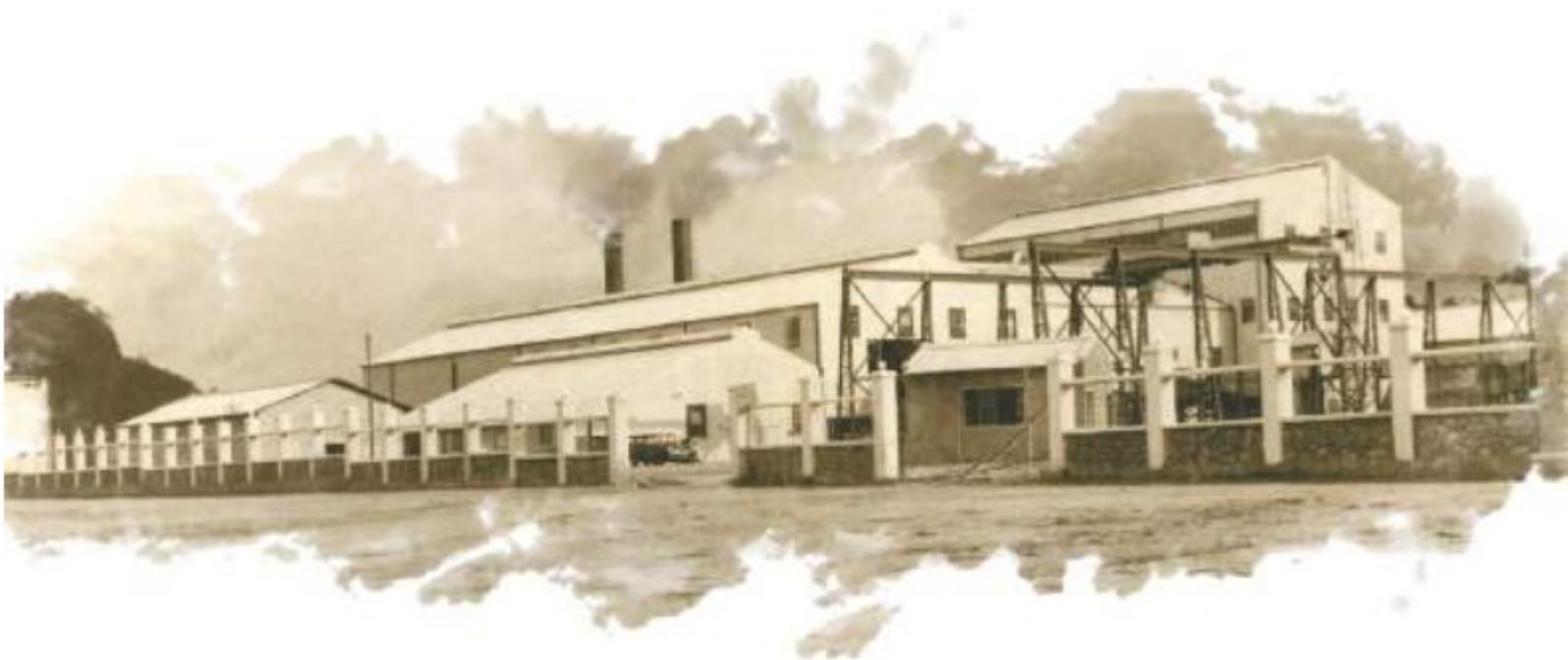
Wasantha Batagoda is an Attorney at Law, counting more than 20 years of active practice in legal profession. He was admitted to Bar in 2003 and was in legal practice in Original courts and in Appellate Courts as well. He earned Second class honors in LL.B from Faculty of Law, University of Colombo and also obtained Masters in Intellectual property Law from Faculty of law of University of Colombo. He has appeared in many high profile Criminal cases with Senior President Counsel till 2014. He joined LOLC Group in 2014 as Assistant General Manager and currently works as Head of Legal of LOLC & Browns Group. He is also a director in several subsidiaries of LOLC Group.



Ms. Janseni Kuhanesan -Company Secretary

Janseni Kuhanesan represents LOLC Corporate Services (Pvt) Ltd, providing secretarial services for the Company. Ms. Kuhanesan is an Associate Member of the Institute of Chartered Secretaries & Administrators (UK).

Before joining LOLC Group she functioned as the Company Secretary of RIL Property PLC and Board Secretary of Sri Lanka Securities & Exchange Commission of Sri Lanka and Sri Lanka Tourist Board.



Resigned Directors

[Mr. D.M.L. Bandaranayake - Director](#)

Resigned w.e.f. 24th January 2022

[Mrs. S. Hettiarachchi - Director](#)

Resigned w.e.f. 04th March 2021

[Lt. Col. Ranjith Ellegala - Director](#)

Resigned w.e.f. 22nd December 2020

[Mr. J.M.U.P. Jayamaha - Director](#)

Resigned w.e.f. 08th June 2020

Senior Management



M.M.D.S.N. Perera
Chief Operating Officer



A.H.W Madushan
AGM – HR & Administration



S.M.S.P. Kumara
AGM – Factory Operations



T.I Wijesinghe
Senior Workshop Manager



K.T.S. Kumara
Out-grower Manager



B. Mayilrajkarthikeyan
GM – Distillery Operations



H.C Gunarathne
Senior Accountant



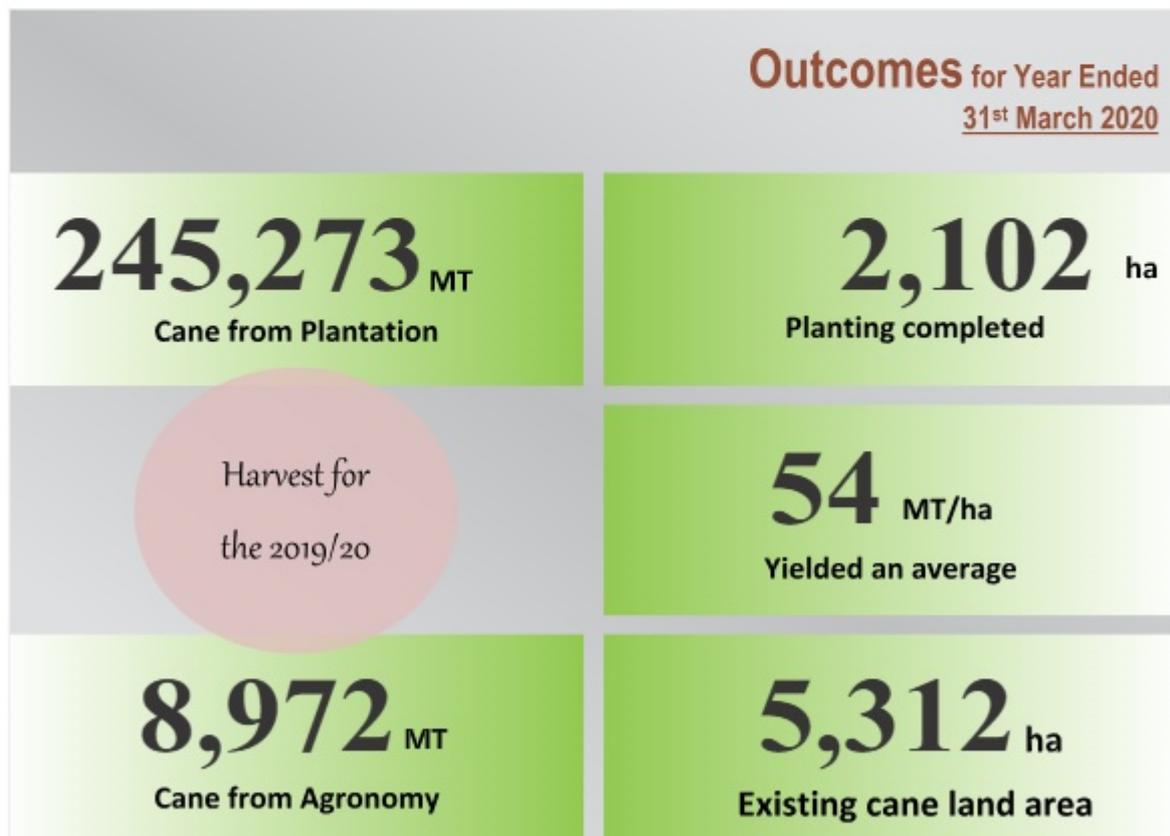
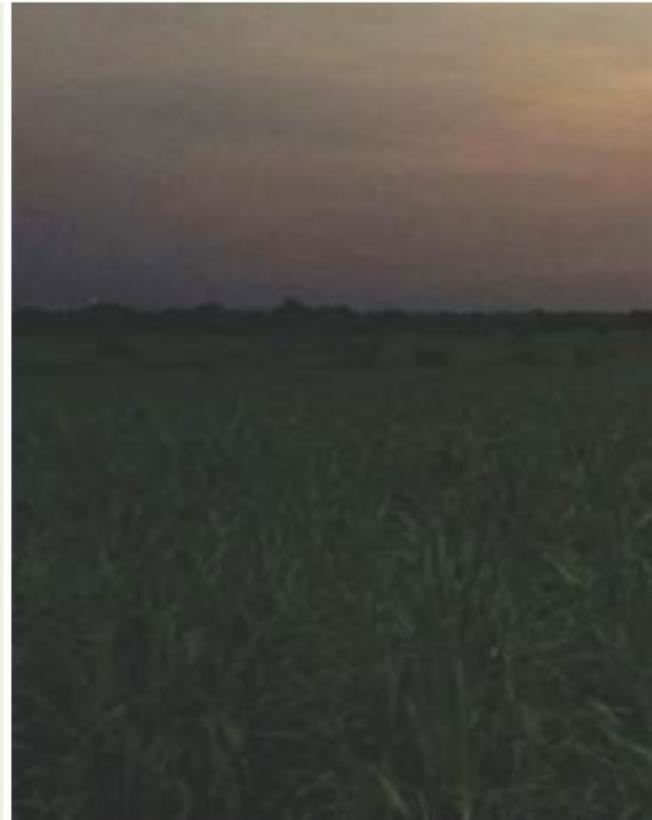
W.A.N. Chaturanga
Manager - Maintenance

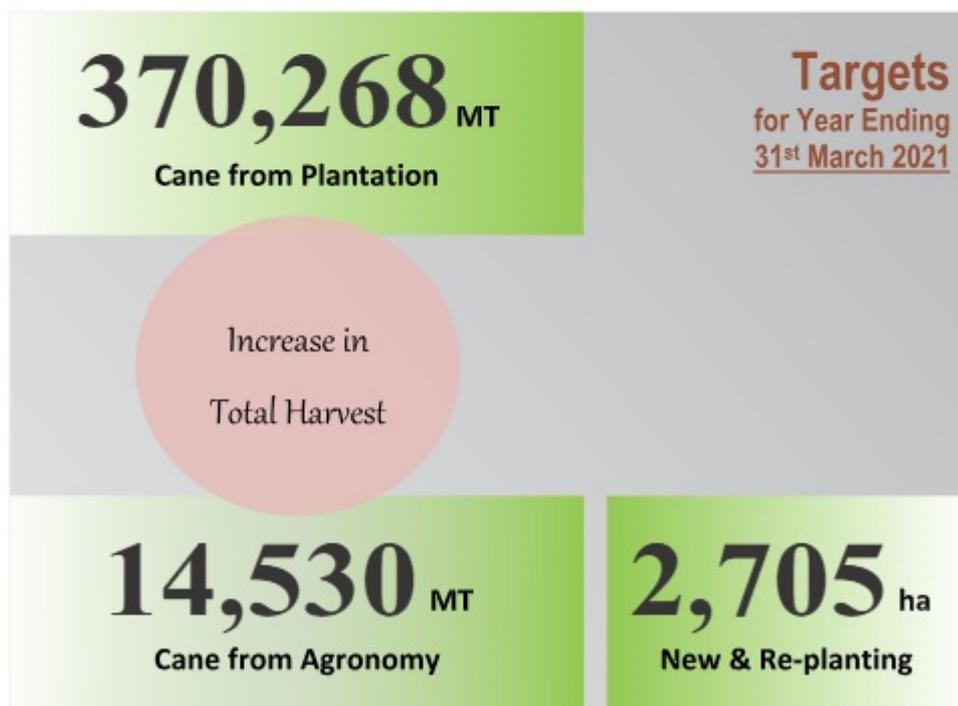


H.M.A. Bandara
Plantation Manager

Cultivation

The plantation area allocated for sugarcane cultivation only has consists of approximately 5,200 ha allotted amongst 4,400 families. The project area is divided into 5 major zones namely Varipathanchena, Galmuduwa, Deegawapi, Hingurana, and Neetha. Out of this extent, only 4,855.40 ha is cultivable due to sand mining, brick making, construction of permanent building etc. Apart from this extent, farmers those who are interest to cultivate sugarcane in their private lands may cultivate and provide their harvest at the same benefits to sugar factory.





The plantation vested 7,659 hectares (ha) for Hingurana Sugar Industries with approximately 5,200 ha of irrigated land allotted amongst 4,400 families. The project area is divided into 5 major zones namely Varipathanchena, Galmaduwa, Deegawapi, Hingurana and Neeththa. A nucleus estate with an extent of 166 ha of land with a water scheme will be supporting the 5200 ha of cultivatable land for sugar cane.

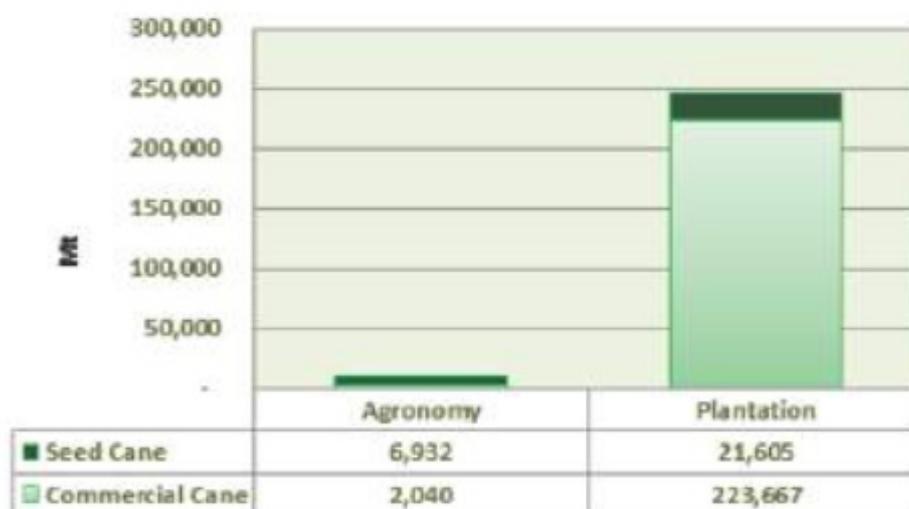
Location	Extent (ha)	Number of Allottees
Varipathanchena	1,067	947
Galmaduwa	1,233	926
Deegawapi	1,034	870
Hingurana	764	697
Neeththa	1,104	1,001
Total	5,202	4,441

SUGARCANE NURSERY

Agronomy Division of GOPL has been producing seed cane, monitoring and controlling of pest and disease, conduct extension programme for agriculture staff and farmers. As well as, conducting research on various aspects of sugar cane agriculture in collaboration with Sugarcane Research Institute (SRI). The division maintains over 20 SRI sugarcane clones as a source of future planting material and trial programs. The nursery area consists of 201 ha, out of which 72 ha was planned for the maintenance of primary seeds and 120 ha for the secondary nursery. In addition to the nursery, contract seed cane farmers also provide seeds in order to fulfill the total seed cane requirement.

ACHIEVEMENT

At the end of the financial year, we have 6,400 ha of cultivated sugarcane lands in 5 major zones namely Varipathanchena, Galmaduwa, Hingurana, Neeththa, Deegawapiya & out grower areas in Ampara and Siyambalanduwa.



SMALLHOLDER AGRIBUSINESS PARTNERSHIP PROGRAMME (SAPP)

GOPL partnered with Smallholder Agribusiness Partnership Programme (SAPP), with the objective of increasing the cultivation area and the income of the alloties in Ampara District by expanding the inter-cultivation together with sugarcane yield. The objectives of the partnership were to increase sugar cane yield and to increase the farmer income. The key features of the partnership included extension support, access to credit for working capital, crop insurance and equipment grant for farmers. In this programme 4,000 beneficiaries were included in to the partnership and received a maximum of Rs. 230,000 with low cost debt financing at 6.5% per annum interest rate and a grant of Multifunction machine value of Rs. 34,500.00 for these eligible farmers.

PROGRESS OF PLANTATION

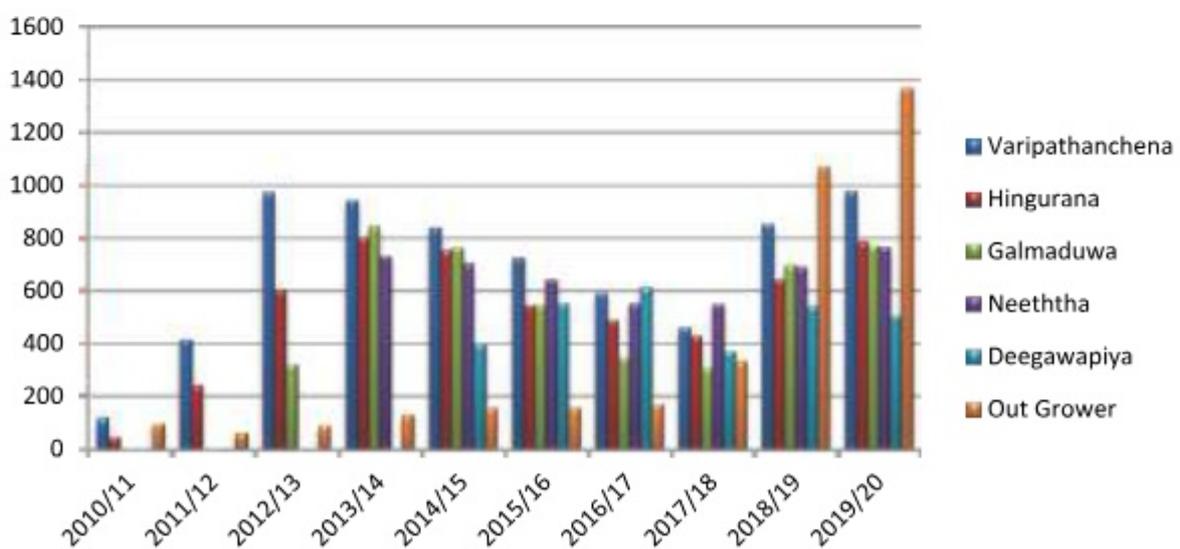
During the season of 2019/20 commercial cane of 225,707 MT has been harvested from our cane cultivated fields and Agronomy fields. In addition to the commercial cane, 28,537 MT of seed cane has been harvested during this period. The area under Plantation Department has harvested 223,667 MT of commercial Cane and 21,605 MT of Seed cane of cane and yield was 54 Mt/ha.

NEW PLANTING FOR THE YEAR 2019/20

New Planting Ares	Extent (ha)
Agronomy	98
Plantation	1,421
Out Grower – Ampara	196
Out Grower – Siyambalanduwa	387
Total	2,102

EXISTING CANE AREA (AGRONOMY + PLANTATION + O/G)

Crop Type	Extent (ha)
Plant Crop	2,405
Ratoon-1	2,082
Ratoon-2	602
Ratoon-3	128
Ratoon-4	37
Ratoon-5	22
Ratoon-6	18
Ratoon-7	15
Ratoon-8	1
Ratoon-9	1
Ratoon-10	1
Total	5,312



Sugar Production

The Hingurana Sugar Factory, which was established in 1955 as the first sugar project under Galoya Valley development project of Mahamanya DS Senanayaka, operated under several ownerships until its closure in 1994.

Galoya Plantations has taken over the abandon factory in 2007 and commenced the first trial on 02nd May 2012. Renovations of the remaining sections have continued and commenced its complete operation after 15 years on 16th July 2012.



Outcomes for Year Ended 31st March 2020

226,599 ^{MT}
Total Milled Sugarcane

16,005 ^{MT}
Sugar Production

12,015 ^{MT}
Molasses Production

7.06%
Sugar Recovery (Rendement)



Targets for Year Ending
31st March 2021

350,000 MT
Sugarcane Crushing

26,250 MT
Sugar Production

17,850 MT
Molasses Production

7.5%
Sugar Recovery (Rendement)

The Hingurana sugar factory located in the Galoya valley was first built and opened in the 1960s. Gifted by the Czechoslovakian Government the factory was fondly known as “The Giant of Asia” and was one of the largest sugar factories built using modern machinery in the region at that time. The factory machinery was supplied by the company named “Mirrlees Watson” in United Kingdom. The rated capacity of the plant is 2,000 tons per day (TCD). The factory consists of 3 roller five mill tandems with a vacuum pan sugar processing system. Plant produces crystal brown sugar and follows the defecation process.

The factory complex which was owned by the government since 1960 was closed on 1997 due to union unrest and mismanagement. Galoya plantations (Pvt) Ltd was started revitalizing of the factory in 2009 and first crushing was done in 2012.

Following operations handled by the factory department

- Checking quality of the sugar cane
- Sugar cane preparation and milling
- Producing commercial sugar
- Checking the quality parameters of the sugar
- Steam and power generation
- Water purification
- Electrical and instrumentation works
- Fabrications, repairing and foundry works
- Civil construction and repairing works

ACHIEVEMENTS

Spreading fly ash emitting from the boiler chimneys to surrounding area was a very big issue. Installed a fly ash arresting system to correct this issue and it was successfully commissioned during financial year 2018/19 Period.

FACTORY STRENGTH

2,000 TCD Capacity factory produce high quality brown sugar with the standard limits.

Crushing capacity – 2,000 TCD with five mill tandem.

Sugar production – 160 MT/day

Boiler capacity – 35 TPH, 02 Nos

Power generation – 2 MW

FACTORY ACTIVITIES

The industrial process for sugar manufacturing involves the application of several processes to transform sugarcane juice into sugar crystals by removing impurities.

The manufacturing process consists of the followings

- Milling
- Clarification
- Evaporation
- Crystallization
- Separation
- Drying
- Packing

Quality Control Unit:

Determine the cane quality by measuring the trash basis and available sugar percentage of harvested sugar cane.

Mill Section:

Sugar cane preparation is being done by using 02 Nos cutters and milling is being done by the three roller five mill tandem. Steam turbines are giving required power for the mill

Production Section:

Sugar cane juice is going through clarification and evaporation process to produce syrup. Sugar crystals are forming using this syrup and then separation is done. Finally this sugar goes through drying and finally produces 50 kg sugar bags.

Laboratory:

Measuring the quality parameters of each and every stage of sugar manufacturing process.

Boiler Section:

02 Nos, 35 TPH capacity boilers produce required energy (steam) for the entire factory to run 2MW power turbine and 05 nos mill turbines.

Factory Workshop:

Require fabricate and machining works. Doing foundry works.

Electrical Section:

Generating Power and attending to all electrical and instrumentation works in whole company like power distribution and maintenance, AC service & repair, etc.

Civil Section:

All civil construction and maintenance, Carpentry and masonry works

Water Treatment Plant:

The water purification plant and pumping station works have been completed and commenced its operation by providing purified water to all company premises from January 2012. The plant has the capacity of 250,000 LPH.



Distillery

The old distillery was renovated and upgraded to the capacity of 21,500 lts per day in 2016/17 with the investment of Rs. 1,250 mn and commercial operation started in year 2017/18.

The Distillery complex designed for production of 21,500 Liters of Alcohol per day, 10,000 m³ Bio gas per day, 7,000 MT Bio fertilizer per Annum, & 400,000 Liters per day of waste water treatment plant.



Outcomes for Year Ended 31st March 2020

4,686,312 Lt

ENA Production

16,856 MT

Molasses consumption

214

No of Operating days



Target for Year Ending
31st March 2021

5,593,349 Lt

ENA Production

270

No of Operating days

19,976 MT

Molasses consumption

DISTILLERY

The Distillery complex configuration is towards the zero Liquid Discharge system (ZLD). This is the only plant in Sri Lanka having modern mechanism towards the waste to wealth concept also we proud that Gal Oya is the only plant having the Environmental license and appreciations. The Complex designed state and art of technology of the product ENA, CO₂, Bio Gas, Bio Compost, Liquid Manure and Purified Water from waste streams.

The Quality of ENA is on par with imported one. Almost all the liquor manufactures preferring our ENA for manufacturing of superior quality of liquors.



Pic: View of Multi Column Distillation

AROMA WHEEL (ENA SENSORY)

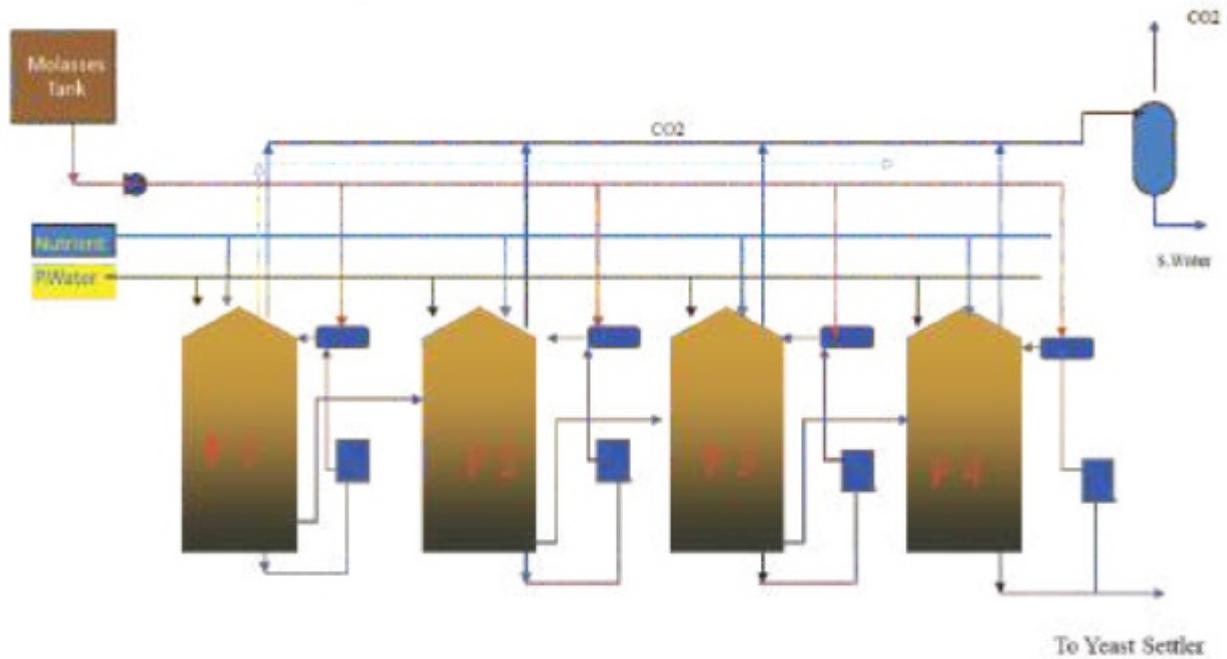
We designed ENA plant such way get superior quality ENA by using multicolumn distillation (7 Columns) to meet out the international standards. The latest analysis reports confirmed that the strength of final product of ENA is around 96.5 % and the quality is equal to ENA imports in all means. Our ENA product has the required standards for making the Local made foreign Liquor. In the Sensory point of view it has meet the international standards rating of around 8.0 points. Our product is being sold to all major bottlers in our country.

PROCESS DESCRIPTION

There are two main process involved in manufacturing of superior quality of ENA like fermentation & Distillation.

FERMENTATION

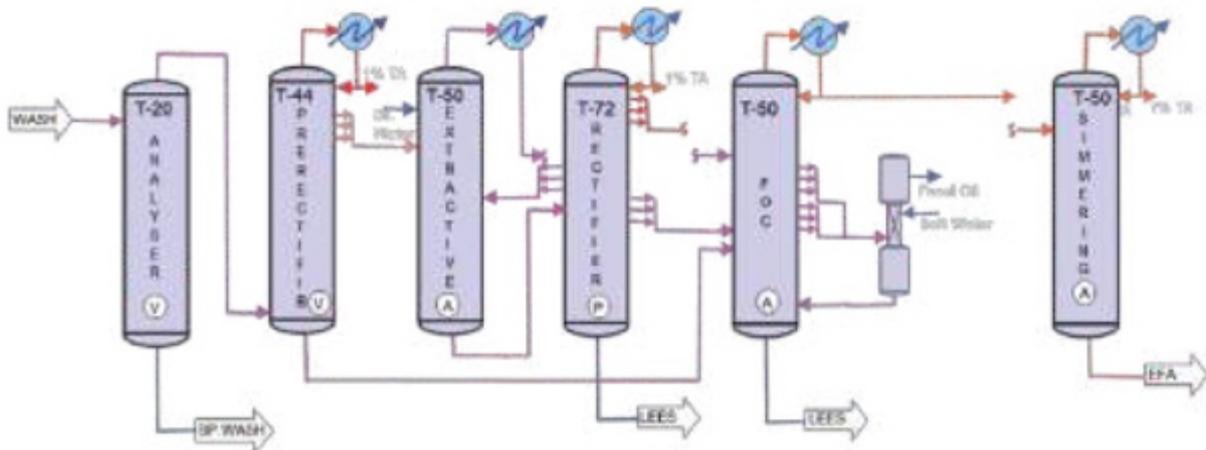
The fermentation is the Biological process in which molasses wash is converted in to Alcohol & CO₂. The fermentation process is being carried out highly engineered fermenter with the help of in house yeast culture (*Saccharomyces cerevisiae*) There are 4 fermentors, 2 pre fermentors and 3 Culture vessels involved in the fermentation process.



Hiferm GR Fermentation

DISTILLATION

The Distillation being adopted most modern Eco fine MPR distillation (Multi-pressure distillation) which has more salient features than conventional methods, seven column distillations being adopted to get the superior quality of ENA with minimum energy requirement.



Ecofine-ENA multi-pressure

Bio Compost Processing Unit

The Distillery complex having the Bio compost process unit which is the largest plant in Sri Lanka having the production capacity of 7,000 Ton per annum. The whole Bio compost process designed such a way to handle the waste from Sugar Factory and Distillery and generate the wealth in term of high nutrient Bio manure. The Bio compost can be an option for replacement of Inorganic manure which is being imported for our country requirement.



PROCESS DESCRIPTION

Bio Composting is the biological process, decomposition of ligno-cellulose material into a simple compound, a humus-like end-product called “Bio compost”. It is a rich source of organic manure. It also helps significantly improve the soil fertility and crop growth

The process is Aerobic which involves the various native Thermophyllic micro-organisms such as Bacteria, Actinomycetes and Fungi to break down the higher organic compounds, like cellulose and lignin's, into simpler substances. During composting, the micro-organisms consume oxygen while feeding on organic matter, and multiply. Active composting generates a considerable amount of heat. The loss of carbon-dioxide and water vapor reduces the weight of the initial dry organic matter their by producing organic compost

The composting process is divided into the following stages:

- 1) Formation of windrows.
- 2) Inoculum application.
- 3) Aeration.
- 4) Spent wash spraying and Curing.
- 5) Sieving & bagging
- 6) Marketing



UNIQUE BENEFITS OF BIO COMPOST

- Improves the physical, chemical and biological properties of the soil.
- Improves the soil structure, air circulation and water retention capacity of the soil.
- Retains nutrients and prevents them from leaching away the plant roots.
- Contains both the micro-nutrients (calcium, sulphur, magnesium, iron, etc.) and macro-nutrients (nitrogen, phosphorus, and potash) essential for plant growth.
- Microbes accelerate the breakdown of crop residues in the soil. This improves the texture of the soil and also releases the locked-up elements.
- Increase the yield and quality of field, vegetable, tree and fruit crops.
- Can easily be applied as both base-dressing and top-dressing.
- Improves alkaline and saline/sodic soil.
- Helps the growth of the roots by improving the soil structure.
- Useful for all types of field crops, vegetable crops, orchards, kitchen gardens and flowers.

Employees

Objective of Galoya Plantations is to utilize all resources available in to a valuable product. No any waste will be disposed to environment, and will be converted to value addition. Accordingly, we have already started projects planned initially as well as new projects such as Bio Compost. Several new projects are already in pipe line to complete in near future.



HR REVIEW

Human being is the essential capital of globalization world. It brings about challenges as well as opportunities for new collaboration and fresh insights.

As the Human Resources Department moves forward, it will do so with the focus on good business outcomes. Human Resources is excited about the opportunity to enhance employee services, utilize a team approach, build business partner relationships with departments, and to further utilization of available limited HR resources.

THE ACTIVITIES OF HR& ADMINISTRATION DEPARTMENT

The Human Resources Department of the Gal-Oya Plantations (Pvt) Ltd is its backbone and serves as the functional center of the organization. It operates in both the forefront and behind the scenes as it is intimately involved with every aspect of the organization.

Human Resources which consolidate performance measures and information related to workforce demographics and trends in a variety of key human resource areas, making comparisons wherever possible to relevant benchmark data.

As a Human Resources Department, we provide our service to meet business needs through managing our company's most valuable resources through handling different activities as mentioned below,

- HR Planning
- Recruitment & Selection
- Employee Relations
- Remuneration Management
- Promotion & Rewards
- Training & Development
- Employee Welfare
- Health & Safety
- Compliance
- General Administration
- Legislation
- Procurement



OUR EMPLOYMENT

There were 1069 Employees in our company at the end of the financial year 2019/20 as below categories. In addition, 89 seasonal contract employees were worked during the crushing period

Department	Total
Factory	318
Agriculture	590
HR & Admin	49
Finance	52
Distillery	60
Total	1,069

There are General Manager to Junior Executive management grades are in Executive category and there are SP1 to S5 staff grades are in permanent and contract category. And also skilled, semi skilled & unskilled Labour category consists with SP1 to P5 grades and they are representing the permanent, contract & seasonal contract basis and the seasonal contract basis.

EMPLOYEE WELFARE

GOPL Welfare society is providing most valuable benefit to the employees that we have continued from the beginning with the collaboration of the company. Such as,

- Death Donations
- Loan facility
- Scholarship for children
- Marriage Allowance
- Retails goods Through the welfare shop
- Canteen facility
- Sports
 - Eg: Inter Department Cricket Tournament
- Entertaining events
 - Eg: Annual Get-together
 - Eg: New Year celebration ceremony
 - Eg: Annual trip

EMPLOYEE TRAINING & DEVELOPMENT

Employee training and development is a broad term covering multiple kinds of employee learning. Training is a program that helps employees learn specific knowledge or skills to improve performance in their current roles. Development is more expansive and focuses on employee growth and future performance, rather than an immediate job role.

As we are a people driven company, we also have conducted more training and development programs to keep up on utmost level our employees' performance within last year. Few of programs among those are as follows.

Training, Seminar & HR Activities

- Organized an in house training program about payroll for the officers who are using Human resource Information System. (HRIS)
- Human Resource Manager were participated for a workshop on payroll administration at CIPM HR House on 12th of July which organized by CIPM.
- Organized an in house training program for the officers who are using Human resource Information System. (HRIS)

EMPLOYEE WELFARE

- Introduced a new group medical insurance package to provide indoor & out patient benefits to our employees & their families.

- Started a new canteen at main administration building to provide canteen facilities to our office staff employees and executives.
- Renovate existing canteen situated at factory premises with given new requirements and facilities
- The welfare shop is functioning very well. Employees can purchase the goods and home needs on a discounted prices under the salary deductions. 1kg of packeted sugar bags also can be purchased on a concession price.
- Provided essential personal protection equipment (PPE) to the employees such as overall, safety shoes, gloves and masks etc. Necessary recommendation and technical guidelines given to the employees by the company appointed safety committee.

HRIS & PAYROLL

Following key modules of the HRIS are using by the HR Department successfully.

- HRM module
- Leave & Attendance module
- ESS module
- Overtime module
- Payroll module

Recently completed the installation & processed the monthly company payroll by using this payroll module. Due to this in house payroll system Company could able to process the salaries of employees without any delay. As well as, we could able to give pay slips to the employees on time.

PERFORMANCE APPRAISAL

The Performance Appraisal have been Completed for Entire Staff to evaluate each employee for the year 2018/2019 and finalized the annual Increment and promotions Base on the Appraisal.

EMPLOYEE RELATIONS

To make smooth floor of the business, it is essential to build good relationship between company management & the employees. Already company has formed an employee relationship committee including 23 members while employees to discuss and solve employees' related matters, problems. The committee meeting call once a month with the participation of CEO, COO, & Head of HR.

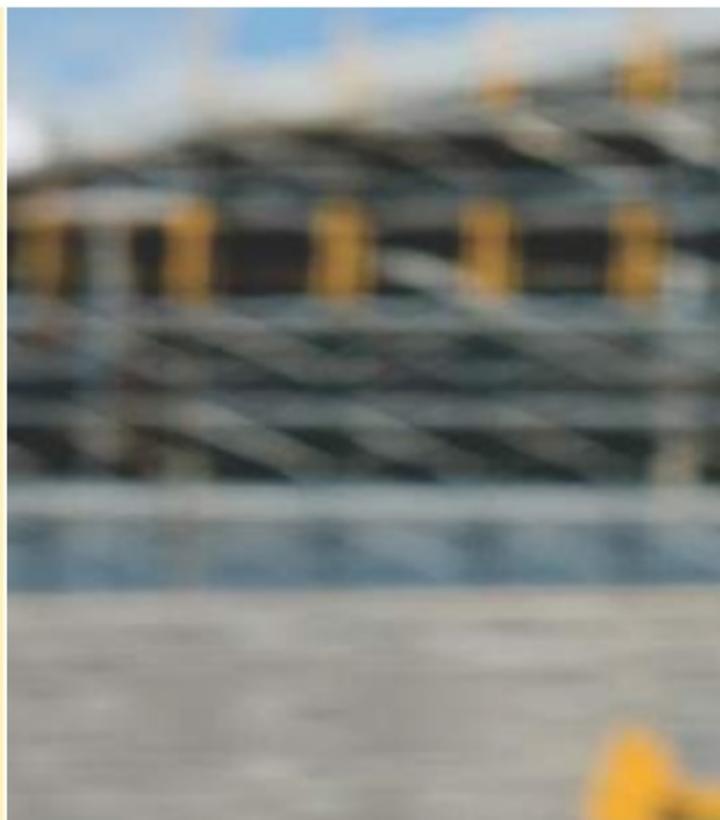
CSR ACTIVITIES

- Provided water for "Esala Dansala" held at Aranapura – organized by "Arunapura Youth society".
- Provided a Name Board for "Peripullumale Mahabodhiraja Voharaya" – Peripullumale
- Provided treated drinking water for affected people in Damana DS division due to drought.
- Donated Rs. 10,000/- for "Sangeetha Sendewa" Organized by Headquarters Army Camp Neettha.
- Donated 100 Kg of sugar to pregnant Mothers organized by Uhana Sri Suviddharama Maha Viharaya.
- Donated 25 Kg of sugar for "Aluth Sahal Mangalya" Organized by Helagampura Kande Viharaya.
- Donated Rs. 10,000/ - for "Wasantha Mela" Organized by Civil Security Department.
- Donated 50 Kg Sugar to Sri Bodhimalu Viharaya, Keenawaththa for "Kathina Cheewara Pujawa".
- Donated Electric wiring items to Am/Siddrtha Vidyalaya, Peranigama.
- Blood Donation programme with the employees of GOPL.
- Donated Rs. 10,000/- to Uhana Pradeshiya Saba for donate Books to School Children in Uhana Area.
- Donated 50 Kg Sugar to Sri Ashokaramaya, Thimbrigolla for "Sheela campaign held at Sri maha Bodhiya premises".
- Donated refreshment items including Sugar for the Pirith Chanting ceremony at Muhudumaha Viharaya , Pothuvil organized by District Secretariat Ampara.
- Donated 50 Kg Sugar for "Aluth Sahal Mangalya" held at Helagampuara Kanda Viharaya.
- Donated Electric wiring items to "Am/ Siddartha Maha Vidyalaya Peranigama"

Future Projects

Objective of Galoya Plantations is to utilize all resources available in to a valuable product. No any waste will be disposed to environment, and will be converted to value addition.

Accordingly, we have already started projects planned initially as well as new projects such as Bio Compost. Several new projects are already in pipe line to complete in near future.



UPGRADING OF FACTORY WITH CO-GENERATION OF ELECTRICITY

The whole project consists with 5 phases of Sugar, ENA, Bio-Compost, CO₂ and Power generation and we are in a final phase to complete the Upgrading Power Generation project.

The next aim is to upgrade this existing power plant up to 10 MW / hour by using available raw material of sugarcane bagasse with new technology and machineries by increasing the efficiency. The raw material available is sufficient for the power generation of 10 MW with a sufficient biomass to operate even in off season of sugar production. We expect to use about 2.5-3 MW for the in-house requirement and balance will be supplied to the nation grid as 24 hrs X 7 days as planned initially with the proposed upgrading.

This project includes the existing factory modification of mill, process, boiler & turbine, which increase the efficiency of milling by 25%, renderment by 0.2%. These improvements will increase the crushing capacity by 500MT/day. We expect to complete this project by mid 2022 with the investment of Rs. 5 billion.

FACTORY IMPROVEMENTS

This project includes the existing factory modification of mill, process, boiler & turbine, which increase the efficiency of milling by 25%, renderment by 0.2%.



CO₂ PROJECT

In distillery; there are two main operation is being carried out for the production of ENA such as Fermentation & Distillation. In alcoholic fermentation process yeast has consumed the molasses as a food and produces the ENA as main production and CO₂ evolved as by product, at present the CO₂ is unutilized. There is an opportunity for capturing of CO₂ gas which is being generated from Fermentation section as by product; by putting up the new plant. The gas can be used for the purpose of soft drinks, medical & other industrial purpose. The CO₂ gas capturing plant comprises of capturing of gas, purification, compressing, chilling & marketing.

The CO₂ Capturing plant will give the additional revenue to the distillery and around 9,000 Kg/day of CO₂ gas can be marketed, also this project will give the sustainable environmental value to the company.

Project ground work has started and expected investment is Rs. 250 million, which is going to be spent by the CO₂ bottler and Galoya Plantations gets revenue.

LIQUOR BOTTLING PLANT

The Distillery Plant of Galoya Plantations having valid license for manufacturing of ENA (Extra Neutral Alcohol) at the rated production capacity of 21,500 liters per day and about 5 million liters per Annum. We designed the plant such way get superior quality ENA by using multicolumn distillation (7 Columns) to meet out the international standards. The latest analysis reports confirmed that the

strength of final product of ENA is above 96.5 % and the quality is equal to ENA imports in all means. Our ENA product has the required standards for making the Local made foreign Liquor. In the Sensory point of view it has meet the international standards rating of around 8.0 points.

As we have superior quality ENA, we could produce premium alcohol product at a reasonable price within the Sri Lanka. Investment is about Rs. 400 Mn for this project.

PRODUCTION OF ALCOHOL BASED HAND SANITIZER

Considering the spreading of new types diseases in modern world, demand for the hygienic solutions has increase day by day. Hand sanitization is one of the main precautionary practice to avoid such infections.

Galoya Plantations has the ENA (Extra Neutral Alcohol) distillery of 21,500 Lts/day capacity at Hingurana, Ampara District. We could produce high quality hand sanitizers from this ENA, to fulfill the present country requirement.

We have the capacity and planned to produce hand sanitizers from out ENA at the Galoya premises with strict supervision and under the instructions of medical experts.

Director's Report (as at 31st March 2020)

The Directors of Gal Oya Plantations (Pvt) Ltd have pleasure in presenting to the members their Report and the Audited Financial Statements for the year ended 31st March 2020.

PRINCIPAL ACTIVITIES

Principal activities of Gal Oya Plantations (Pvt) Ltd are growing sugarcane and manufacturing cane sugar and Extra Neutral Alcohol (ENA) for the local market.

The principal activities of Gal Oya Plantations (Pvt) Ltd are described in the Executive Director's statement on pages 06 to 07 of this report.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company has planted 2,102 ha of sugarcane as at 31st March 2020 and is looking out to expand the cultivation of sugar in the areas of Ampara and Siyambalanduwa.

PROFIT & LOSS

Loss before tax for the year 2019/2020 was Rs.1,430,139,698.00.

TAXATION

Not liable for income tax for the year of assessment 2019/20 as well as year 2018/19.

PROPERTY, PLANT & EQUIPMENT

Information relating to Property, Plant & Equipment is given in Note 12 of these Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2020 is Rs. 1,011,764,730/= which consist of 101,176,473 ordinary shares (2018/19 101,176,473 shares)

RESERVES

The total Reserves as at 31st March 2020 amounts to Rs.8,533,308,141 (Negative) as compared with Rs. 7,246,742,839 (negative) in the previous year.

SHAREHOLDERS

It is a company policy to treat its shareholders equitably and maximize shareholder wealth.

EMPLOYMENT POLICIES

The Company employment policies respect the individuals and offer equal career opportunities, regardless of sex, race or religion and consider the relationship with the employees to be good.

STATUTORY PAYMENTS

Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the Government have been paid up to date.

ENVIRONMENTAL PROTECTION

It is the Company policy to keep the adverse effects on the environment to a minimum and to protect co-operation and compliance with the relevant authorities.

DIRECTORATE

The Directors of the Company as at 31st March 2020 are as follows:

- K.A.K.P. Gunawardena -	Director
- W.K.D.T Abeyrathne -	Director
- W.Batagoda -	Director
- L.Bandaranayake -	Director
- Mrs.S.Hettiarachchi -	Director
- J.M.U.P.Jayamaha -	Director
- Lt.Col. Ranjith Ellegala-	Director

APPOINTMENT AND RESIGNATION OF DIRECTORS

The following Directors were appointed during the year under review:

Mr.J,M,U,P. Jayamaha -16th January 2020
Mrs.S.Hettiarachchi - 30th January 2020
Lt.Col.R.M.B.Ellegala - 11th February 2020

The following Directors resigned during the year under review:

Mr. K B Kotagama - 17.09.2019
Mr. B.M.D.B. Basnayake - 25.11.2019
Mr.G.Seenivasan - 30.01.2020
Mr.N.S.Wanasinghe - 30.01.2020
Mr.R.M.G.B.Rathnayake - 29.02.2020

DIRECTORS' MEETINGS

The Directors conduct Board Meetings on a regular basis. Board decisions are resolved by resolutions at meetings, by circulation and also through circular Board papers which are approved and signed by all the Directors and tabled at the Board Meetings. The Minutes of the Board Meetings, the Agenda for the next meeting and the monthly Management Reports are circulated to all the Directors in advance to the meetings.

BOARD COMMITTEE

The Board has established Committees for better monitoring and guidance of different aspects of operations and control.

AUDIT COMMITTEE

Members as at 31st March 2020 are as follows:

Mrs.S.Hettiarachchi -	Chairperson
Mr.W.Batagoda -	Member
Mr.W.K.D.T.Abeyrathne -	Member

The Audit Committee reviewed the type and quantum of non-audit services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been impaired.

The report of the Audit Committee is given on page 44.

DIRECTORS' SHAREHOLDINGS

None of the Directors held Company shares as at 31st March 2020

REMUNERATION OF DIRECTORS

No remuneration were paid to Directors. Refer Note 29 to the Financial Statements on page 88.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the financial statements are given on pages 59 – 79.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Marcopolo, Excel World, No.338, T.B. Jayah Mawatha, Colombo 10 on 30th September 2022 at 6.30 pm. The Notice of the Annual General Meeting is given on page No.92.

AUDITORS

In accordance with Section 154 (1) of the Companies Act No. 7 of 2007 a resolution proposing the re-appointment of Auditor General's Department as the Auditors of the Company for the ensuing year will be proposed at the Annual General Meeting.

In terms of Section 155 (a) of the Companies Act No. 7 of 2007 a resolution authorizing the Directors to fix the remuneration of the Auditors for the ensuing year will be proposed at the Annual General Meeting.

The fees paid to the Auditors are disclosed in Note 09 to the financial statements. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

By order of the Board

DIRECTOR

L O L C CORPORATE SERVICES (PVT) LTD
SECRETARIES

Colombo 20.11.2020

Statement of Director's Responsibility

The responsibility of the Directors in relation to the Financial Statements for the year ended 31st March 2020 which have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards and the Companies Act No.7 of 2007 is set out in the following statement.

The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on page 46 of the Report. As per the provisions of the Companies Act No. 7 of 2007, the Directors are required to prepare financial statements, for each financial year and place before a general meeting which comprise:

- 1 A Statement of Comprehensive Income, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year;
- 2 A Statement of changes in Equity which presents a true and fair view of the changes in the Company's and its Subsidiaries retained earnings for the financial year;
- 3 A Statement of Cash Flow which presents a true and fair view of the flow of cash in and out of the business for the financial year; and
- 4 A Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.

and which comply with the requirements of the Act.

The Directors are of the view that, in preparing these Financial Statements:

- 1 The appropriate accounting policies have been selected and applied in a consistent manner. Material deviations, if any have been disclosed and explained;
- 2 All applicable Accounting Standards, as relevant, have been followed.
- 3 Judgments and estimates have been made which are reasonable and prudent.

The Directors are also of the view that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company, and to ensure that the financial statements presented comply with the requirements of the Companies Act.

The Directors are also responsible for taking 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 to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their Audit Opinion.

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Balance Sheet date have been paid or, where relevant provided for.

By order of the Board

Chairman

Date: 20.11.2020

Audit Committee Report

ROLE OF THE COMMITTEE

The role of the Audit committee which reports its findings to the Board, is to review the integrity of the financial reporting of the Company, internal and external audit processes of the Company and the maintenance of sound internal control and risk management of the Company and its compliance with legal and regulatory requirements.

COMPOSITION

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of following members as at 31st March 2020;

Mrs. S.Hettiarachchi - Committee Chairperson
Mr. W.Batagoda - Member
Mr. W.D.K.T.Abeyrathne - Member

FINANCIAL REPORTING

The Committee is established to oversee the Company's financial reporting on behalf of the Board of Directors as part of its responsibility and review the Financial Statements and recommend same to the Board for its deliberations prior to its issuance.

The Committee is also engaged in reviewing the Financial Statements to ensure consistency of the accounting policies and their compliance with the Sri Lanka Accounting Standards.

The Committee regularly discusses the operations of the Company and its future prospects with the management and ensures that all relevant matters are taken into account in the preparation of the Financial Statements.

CONTROLS & RISKS

The Committee reviews the effectiveness of the Company's system of Internal Control. The Committee also assesses the major business and control risks and the control environment prevalent in the Company and advises the Board on actions to be taken where weaknesses are observed.

EXTERNAL AUDITORS

The Audit Committee evaluates the independence of the External Auditors and the effectiveness of the audit process.

The Committee meets with the External Auditors in relation to the scope of the audit and also to discuss the Management Letter at the conclusion of the audit.

The Committee reviews the audited financial statements with the External Auditors who are responsible for expressing an opinion on its conformity with the Sri Lanka Accounting Standards.

The Audit Committee evaluates the independence of the External Auditors for the year under review and informed the Board of Directors that in accordance with the 19th amendment to the Constitution of the Democratic Socialist Republic of Sri Lanka, audit of all the companies registered or deemed to be registered under the Companies Act No. 7 of 2007 in which the Government or Public Corporate or Local Authority holds 50 percent or more of the shares of the company is audited by the Auditor General's Department and recommended the re-appointment of the Auditors for the financial year 2020/2021, subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The reports submitted by the External Auditors of the Company and the assurance provided by the Senior Management is considered by the Committee in identifying that the financial position of the Company has been adequately monitored.

Committee Chairman

Date: 20.11.2020

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- (අ) පොද්ගලික මූල්‍ය සමාගම්හිත් ණය ගිවිසුම් 02 ක් යටතේ ලබාගෙන තිබූ ණයවලට අදාළව මූල්‍ය ප්‍රකාශනවල දක්වා තිබූ ණය මෙහෙය රු.19,437,163 ක් වුවද, අදාළ සමාගම් විසින් සනාථ කර තිබූ මෙහෙය රු.20,571,418 ක් වූයෙන් මෙහෙය අතර රු.1,134,255 ක වෙනසක් නිරීක්ෂණය විය.
- (ආ) මූල්‍ය ප්‍රකාශනවල දක්වා ඇති රු.782,388,545 ක් වූ පොහො, පිරිවැය රු. 3,580,142,292 ක් වූ ජංගම භොගවන වත්කම් හා රු.3,138,361 ක් වූ කෙටිකාලීන යන වැඩ සම්බන්ධයෙන් හොඳින් සත්‍යාපනයක් 2020 මාර්තු 31 දිනට සිදුකර නොතිබුණි.
- (ඇ) සමාගමේ කළමනාකරණය සඳහා පිහිටුවා ඇති ගල්කිය හෝල්ඩින්ස් පුද්ගලික සමාගමට නිමිතම් ඇත්තේ ගල්කිය වැට්ලි සමාගමේ බදු පත්‍ර ලාභයෙන් සියයට 02 ක කළමනාකරණ ආස්තුවක් අයකර ගැනීම පමණක් වුවද, මූල්‍ය තත්ව ප්‍රකාශයේ ගල්කිය හෝල්ඩින්ස් පුද්ගලික සමාගමින් වසර ගණනාවක සිට ලැබිය යුතු රු. 15,873,623 ක අය භොගවන මෙහෙයක් දක්වා තිබූ අතර මෙම මෙහෙය ඇති වූ ආකාරය පිළිබඳව මූල්‍ය ප්‍රකාශනවලින් ප්‍රමාණවත් හෙළිදරව් නිරීක්ෂණ සිදු කර නොතිබුණු අතර ලැබිය යුතු මෙහෙයට අදාළව රු. 12,392,179 ක අවමාණ ණය වෙන් නිරීක්ෂණ සිදු කර තිබුණි.
- (ඈ) සමාගමට අඛණ්ඩ පැවැත්මක් ඇතැයි උපකල්පනය කරමින් මූල්‍ය ප්‍රකාශන ඉදිරිපත් කර තිබුණද, සමාගම දිගින් දිගටම අලාභ ලබමින් පැවත 2020 මාර්තු 31 දිනෙන් අවසන් වන වර්ෂය සඳහා රු.1,430,139,698 ක ඉදිරි අලාභයක් ලබා තිබූ අතර එදිනට සමුදායීත අලාභය රු.8,677,402,641 ක් විය. එදිනට සමාගමේ මුළු වත්කම් ඉන්ම වූ වගකීම් ප්‍රමාණය රු.7,521,543,411 ක් වී තිබුණි. තවද, සමාගමේ කොටස් ප්‍රාග්ධනය රු.1,011,764,730 ක් වී තිබියදී කොටස්කාර සමාගම් හා එම සමාගම් සම්බන්ධිත වෙනත් සමාගම්වලින් ලබාගෙන ඇති රු.6,092,272,225 ක ණය ඇතුළුව මුළු ණය ප්‍රමාණය රු.8,272,917,286 ක් වීමෙන් ප්‍රාග්ධන ණය මෝලන අනුපාතය සියයට 818 ක් වී තිබූ අතර 2020 මාර්තු 31 දිනට රු.50,633,696 ක බැංකු මෙහෙයක් පැවතිය ද එදිනට සමාගමේ බැංකු අධිරාව රු.62,844,095 ක් වී තිබුණි. මෙහෙයවෙන් සමාගමේ අඛණ්ඩ පැවැත්ම අහෝසිවීමේ අවධානමක් නිර්මාණය වී ඇති බව නිරීක්ෂණය වන අතර සමාගමේ සියයට 51 ක කොටස් හිමිකාරිත්වය ඇති රජය වෙනුවෙන් මෙම කටයුතු අධීක්ෂණය කරනු ලබන මහා භාණ්ඩාගාරය මෙහි තත්වය සමාලෝචනය කර එයට අවශ්‍ය ප්‍රතිකාරකම් නිර්දේශ ඉදිරිපත් කර නොතිබුණි.
- (ඉ) සමාගම මහා භාණ්ඩාගාරයන් සමඟ 2009 වර්ෂයේදී අත්සන් තබන ලද කොටස්කරුවන්ගේ ගිවිසුමේ 18.2.1(10) වගන්තිය සහ ගල්කිය හෝල්ඩින්ස් පුද්ගලික සමාගම සමඟ 2010 වර්ෂයේදී අත්සන් කලා ඇති කළමනාකරණ ගිවිසුමෙහි 19.1.1(a) වගන්තිය ප්‍රකාරව සමාගම භූමි වර්ෂයකදීම එම වර්ෂය ආරම්භයේදී පවතින අවම භාණ්ඩාගාර බිල්පත් පොලී අනුපාතයට

සමාන ලාභාංශයක් මහා භාණ්ඩාගාරයට ගෙවිය හැකි වන අේ වාර්ෂික බදු පසු ලාභයක් නොලබන්නේ නම් රජයට කොටස්කාර ගිවිසුම අවසන් කිරීමේ හැකියාව පවතින බව දක්වා ඇත. මෙම සමාගම සංස්ථාපනය කළ 2010 වර්ෂයේ සිටම අඛණ්ඩව අලාභ ලබමින් පවත්වාගෙන ගොස් තිබූ අතර ඉහත (අ) ඡේදයේ දක්වා ඇති පරිදි සමාලෝචිත වර්ෂය අවසානයට සමුච්චිත අලාභය රු.8,677,402,641 ක් වී තිබුණි. ඒ අනුව භාණ්ඩාගාරයට 2020 වර්ෂය දක්වාම කිසිදු ලාභාංශයක් ගෙවා නොතිබුණි. මේ අනුව කොටස්කාර ගිවිසුම සහ කළමනාකරණ ගිවිසුම උල්ලංඝනය වීම මගින් සමාගමේ අඛණ්ඩ පැවැත්ම අහෝසි වීමේ අවදානමක් නිර්මාණය වී ඇති බව නිරීක්ෂණය විය.

(ඊ) සමාගම අඛණ්ඩව අලාභ ලබමින් පවත්වා ගෙන ගියද, කොටස්කාර පොද්ගලික සමාගම් දෙකෙන් සහ එම සමාගම්වල ආශ්‍රිත සමාගම්වලින් සියයට 24 පරම ඉහළ පොලී අනුපාත යටතේ ණය ලබාගෙන වාර්ෂිකව සැලකිය යුතු මුදලක් පොලී වශයෙන් ගෙවා තිබූ අතර සමාලෝචිත වර්ෂයේ රු.මිලියන 5,220 ක් වූ මුළු වියදමෙන් රු.මිලියන 1,673.6 ක් ගෙවත් සියයට 32 ක් එම ආශ්‍රිත සමාගම් සඳහා වූ පොලී වියදම් විය.

(උ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිත 24 ප්‍රකාරව සම්බන්ධිත පාර්ශව සම්බන්ධයෙන් ප්‍රමාණවත් හෙලිදරව්කිරීම් මූල්‍ය ප්‍රකාශනවල සිදු කර නොතිබුණි.

ශ්‍රී ලංකා විගණන ප්‍රමිතවලට (ශ්‍රී.ලං.වි.ප්‍ර.) අනුකූලව මා විගණනය සිදු කරන ලදී. මෙම විගණන ප්‍රමිත යටතේ වූ මාගේ වගකීම, මෙම වාර්තාවේ මූල්‍ය ප්‍රකාශන විගණනය සම්බන්ධයෙන් විගණකගේ වගකීම යන කොටසේ තව දුරටත් විස්තර කර ඇත. මාගේ තත්වාගණනය කළ මතක සඳහා පදනමක් සැපයීම උදෙසා මා විසින් ලබාගෙන ඇති විගණන සාක්ෂි ප්‍රමාණවත් සහ උචිත බව මාගේ විශ්වාසයයි.

1.3 මූල්‍ය ප්‍රකාශන පිළිබඳ කළමනාකරණයේ සහ පාලනය කරන පාර්ශවයන්ගේ වගකීම

මෙම මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිතවලට අනුකූලව පිළියෙල කිරීම හා සාධාරණ ලෙස ඉදිරිපත් කිරීම සහ වංචා හෝ වැරදි හේතුවෙන් ඇති විය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් තොරව මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමට හැකිවනු පිණිස අවශ්‍ය වන අභ්‍යන්තර පාලනයන් තීරණය කිරීම කළමනාකරණයේ වගකීම වේ.

මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමේදී, සමාගම අඛණ්ඩව පවත්වාගෙන යාමේ හැකියාව තීරණය කිරීම කළමනාකරණයේ වගකීමක් වන අතර, කළමනාකාරිත්වය සමාගම ආවර කිරීමට අදහස් කරන්නේ නම් හෝ වෙනත් විකල්පයක් නොමැති විටදී මෙහෙයුම් නැවැත්වීමට කටයුතු කරන්නේ නම් හැර අඛණ්ඩ පැවැත්මේ පදනම මත ගිණුම් තැබීම හා සමාගමේ අඛණ්ඩ පැවැත්මට අදාළ කරුණු අනාවරණය කිරීම ද කළමනාකරණයේ වගකීමකි.

සමාගමේ මූල්‍ය වාර්තාකරණ ක්‍රියාවලිය සම්බන්ධ වගකීම, පාලනය කරන පාර්ශවයන් විසින් දරනු ලබයි.

2018 අංක 19 දරන ජාතික විගණන පනතේ 16 (1) උප වගන්තිය ප්‍රකාරව, සමාගමේ වාර්ෂික සහ කාලීන මූල්‍ය ප්‍රකාශන පිළියෙල කිරීමට හැකිවන පරිදි ස්වකීය ආදායම්, වියදම්, වත්කම් හා බැරකම් පිළිබඳ තිසි පරිදි පොත්පත් හා වාර්තා පවත්වා ගෙන යා යුතුය.

1.4 මූල්‍ය ප්‍රකාශන විගණනය සම්බන්ධයෙන් විගණකගේ වගකීම

සමස්තයක් ලෙස මූල්‍ය ප්‍රකාශන, වංචා සහ වැරදි නිසා ඇතිවන ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් තොර බවට සාධාරණ තහවුරුවක් ලබාදීම සහ මාගේ මතය ඇතුළත් විගණකගේ වාර්තාව නිකුත් කිරීම මාගේ අරමුණ වේ. සාධාරණ සහතිකවීම් උසස් මට්ටමේ සහතිකවීමක් වන නමුත්, ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනය සිදු කිරීමේදී එය සැමවිටම ප්‍රමාණාත්මක අවප්‍රකාශනයන් අනාවරණය කරගන්නා බවට වන තහවුරු කිරීමක් නොවනු ඇත. වංචා සහ වැරදි හැනි හෝ සාමූහික ලෙස බලපෑම් නිසා ප්‍රමාණාත්මක අවප්‍රකාශනයන් ඇතිවිය හැකි අතර, මෙම මූල්‍ය ප්‍රකාශන පදනම් කරගනිමින් පරිශීලකයන් විසින් ගනු ලබන ආර්ථික තීරණ කෙරෙහි බලපෑමක් විය හැකි බවට අපේක්ෂා කෙරේ.

මා විසින් වෘත්තීය විනිශ්චය සහ වෘත්තීය සැකසුමකින් යුතුව ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනය කරන ලදී. තවද,

වංචා හෝ වැරදි හේතුවෙන් මූල්‍ය ප්‍රකාශනවල ඇති විය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගේ අවදානම් හඳුනාගැනීමේදී හා තක්සේරු කිරීමේදී අවස්ථාවෝචිතව උචිත විගණන පරිපාටි සැලසුම් කිරීමෙන් වංචා හෝ වැරදි හේතුවෙන් ඇතිවන්නා වූ අවදානම් මඟහරවා ගැනීමට, ප්‍රමාණවත් සහ සුදුසු විගණන සාක්ෂි ලබා ගැනීම මාගේ මතයට පදනම් වේ. ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් සිදුවන බලපෑමට වඩා වංචාවකින් සිදු වන්නා වූ බලපෑම් ප්‍රබල වන අතර, දුස්සන්ධානය, ව්‍යාජ ලේඛන සැකසීම, වේළුකන්වීම මඟහැරීම හෝ අභ්‍යන්තර සාලනයන් මඟහැරීම වංචාවක් ඇතිවීමට හේතුවේ.

අවස්ථාවෝචිතව උචිත විගණන පරිපාටි සැලසුම් කිරීම පිණිස සමාගමේ අභ්‍යන්තර සාලනය සම්බන්ධයෙන් අවබෝධයක් ලබා ගන්නා ලද නමුත්, අභ්‍යන්තර සාලනයේ සරලදායීත්වය පිළිබඳ මතයක් ප්‍රකාශ කිරීමට අදහස් නොකරයි.

භාවිතා කරන ලද ගිණුම්කරන ප්‍රතිපත්තිවල සහ ගිණුම්කරන ඇස්තමේන්තු වල සාධාරණත්වය සහ කළමනාකරණය විසින් කරන ලද සම්බන්ධීත හෙළිදරව් කිරීම්වල යෝග්‍යතාවය අගයන ලදී.

සිද්ධීන් හෝ තත්ත්වයන් හේතුවෙන් සමාගමේ අඛණ්ඩ පැවැත්ම පිළිබඳ ප්‍රමාණාත්මක අවිනිශ්චිතතාවයක් තිබේද යන්න සම්බන්ධයෙන් ලබාගත් විගණන සාක්ෂි මත පදනම්ව ගිණුම්කරණය සඳහා ආයතනයේ අඛණ්ඩ පැවැත්ම පිළිබඳ පදනම් යොදා ගැනීමේ අදාලත්වය තීරණය කරන ලදී. ප්‍රමාණවත් අවිනිශ්චිතතාවයක් ඇති බවට මා නිගමනය කරන්නේ නම් මූල්‍ය ප්‍රකාශනවල ඒ සම්බන්ධයෙන් වූ හෙළිදරව්කිරීම් වලට මාගේ විගණන වාර්තාවේ අවධානය යොමු කළ යුතු අතර, එම

මෙහිදරව්කිරීම් ප්‍රමාණවත් නොවන්නේ නම් මාගේ මතය විකරණය කළ යුතුය. මෙසේ වුවද, අනාගත සිද්ධීන් හෝ තත්ත්වයන් මත අවබෝධ පැවැත්ම අවසන් වීමට හැකිය.

මෙහිදරව් කිරීම් ඇතුළත් මූල්‍ය ප්‍රකාශනවල ඉදිරිපත් කිරීම්, ව්‍යුහය සහ අන්තර්ගතය ඇගයීමට ලක්කළ අතර ඒ සඳහා පාදක වූ ගනුදෙනු හා සිද්ධීන් උචිත හා සාධාරණ අයුරින් මූල්‍ය ප්‍රකාශනවල ඇතුළත් බව අගයන ලදී.

මාගේ විගණනය තුළදී හඳුනාගත් වැදගත් විගණන සොයාගැනීම්, ප්‍රධාන අභ්‍යන්තර පාලන දුර්වලතා හා අනෙකුත් කරුණු පිළිබඳව පාලනය කරනු ලබන සාර්ථකයන් දැනුවත් කරන ලදී.

2. වෙනත් වෙනත් හා නියමිත අවශ්‍යතා පිළිබඳ වාර්තාව

2018 අංක 19 දරන ජාතික විගණන පනතේ සහ 2007 අංක 7 දරන සමාගම් පනතේ සහන සඳහන් අවශ්‍යතාවයන් සම්බන්ධයෙන් විශේෂ ප්‍රතිපාදන ඇතුළත් වේ.

- 2007 අංක 7 දරන සමාගම් පනතේ 163 (2) (ඇ) වගන්තියේ සහ 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (අ) වගන්තියේ සඳහන් අවශ්‍යතාවන් අනුව, මාගේ වාර්තාවේ තත්ත්වවගණනය කළ මතය සඳහා පදනම කොටසේ විස්තර කර ඇති කරුණු වලින් වන බලපෑම් හැර, විගණනය සඳහා අවශ්‍ය සියලු තොරතුරු සහ පැහැදිලි කිරීම් මා විසින් ලබාගන්නා ලද අතර, මාගේ පරීක්ෂණයෙන් පෙනී යන ආකාරයට නිසි මූල්‍ය වාර්තා සමාගම් පවත්වාගෙන යාමේ තිබුණි.
- සමාගමේ මූල්‍ය ප්‍රකාශන, 2007 අංක 07 දරන සමාගම් පනතේ 151 වගන්තියෙහි අවශ්‍යතාවයන්ට අනුකූල වේ.
- 2018 අංක 19 දරණ ජාතික විගණන පනතේ 6 (1) (ඇ) (iii) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශන ඉකුත් වර්ෂය සමඟ අනුරූප වේ.
- 2018 අංක 19 දරණ ජාතික විගණන පනතේ 6 (i) (ඇ) (iv) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව ඉකුත් වර්ෂයේදී මා විසින් සිදුකරන ලද නිර්දේශයන් ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශනවල ඇතුළත්ව ඇත.

අනුගමනය කරන ලද ක්‍රියාමාර්ග සහ ලබා ගන්නා ලද සාක්ෂි මත හා ප්‍රමාණාත්මක කරුණුවලට සීමා කිරීම් තුළ, සහන සඳහන් ප්‍රකාශන කිරීමට තරම් කිසිවක් මාගේ අවධානයට ලක් නොවීය.

- 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (ඇ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ පාලක මණ්ඩලයේ යම් සාමාජිකයෙකුට සමාගම් සම්බන්ධවී යම් ගිවිසුමක් සම්බන්ධයෙන් සෘජුව හෝ අන්‍යාකාරයකින් සාමාන්‍ය ව්‍යාපාරික තත්වයෙන් බැහැරව සම්බන්ධයක් ඇති බව.

2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (වී) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත සඳහන් නිරීක්ෂණ හැර යම් අදාළ ලිඛිත නීතියකට හෝ සමාගමේ පාලක මණ්ඩලය විසින් නිකුත් කරන ලද වෙනත් පොදු හෝ විශේෂ විධානවලට අනුකූල නොවන ලෙස ක්‍රියා කර ඇති බව.

නීතිරීති / විධානයට යොමුව -----	විස්තරය -----
(අ) 2018 අංක 19 දරන ජාතික විගණන පනතේ 17 වන වගන්තිය හා 2016 ජනවාරි 01 දිනැති අංක 01/2016 දරන රාජ්‍ය ව්‍යාපාර වක්‍රලේඛය	2015/2016 සිට 2018/2019 ගිණුම් වර්ෂයන්ට අදාළ වාර්ෂික වාර්තා පාර්ලිමේන්තුවේ සභාගත කිරීමට කටයුතු කර නොතිබුණි.
(ආ) 2003 ජුනි 02 දිනැති අංක පීටීඩී/12 දරන රාජ්‍ය ව්‍යාපාර වක්‍රලේඛය	
(i) 6.5.1 ඡේදය	මුදල් වර්ෂය අවසන් වී දින 60 ක් ඇතුළත කෙටුම්පත් වාර්ෂික වාර්තාව සමඟ මූල්‍ය ප්‍රකාශන විගණකාධිපතිවරයා වෙත ඉදිරිපත් කළ යුතු වුවත්, සමාගම විසින් මූල්‍ය ප්‍රකාශන මාස 06 ක ප්‍රමාදයකින් පසු 2020 නොවැම්බර් 24 දින ඉදිරිපත් කර තිබුණ ද, කෙටුම්පත් වාර්ෂික වාර්තාව ඉදිරිපත් කර නොතිබුණි.
(ii) 9.3.1 ඡේදය	සෑම ආයතනයකටම අදාළව කාර්ය මණ්ඩල බඳවා ගැනීමේ පටිපාටියක් සකස් කර ගතයුතු වුවත් සමාගම සඳහා අනුමත බඳවා ගැනීමේ පටිපාටියක් සකස් කර නොතිබුණි.
(ඇ) කොටස්කරුවන්ගේ ගිවිසුමේ 2.1 වගන්තිය	ව්‍යාපාරික කටයුතු, ලාභදායීත්වය අරමුණු කරගෙන සමාගමේ ව්‍යාපාරික උපායමාර්ග හා අයවැය ලේඛනවලට අනුකූලව සිදු කළයුතු වුවත් සංස්ථාපනය කළ වර්ෂයේ සිටම සමාගම අලාභ ලබමින් පවත්වාගෙන ගොස් තිබුණි.

(ආ) 2007 අංක 07 දරන සමාගම් සමාගමේ ශුද්ධ වත්කම් රු. 7,521,543,411 ක පනතේ 220 වගන්තිය සෘණ අගයක් දක්වා පහළ ගොස් ඇතත්, සමාගමේ කළමනාකරණය විසින් සමාගම් පනතේ 220 වගන්තිය ප්‍රකාරව කටයුතු කර නොතිබුණි.

- 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (උ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ බලතල, කර්තව්‍ය සහ කාර්යයන්ට අනුකූල නොවන ලෙස කටයුතු කර ඇති බව.
- 2018 අංක 19 දරණ ජාතික විගණන පනතේ 12 (ඌ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත සඳහන් නිරීක්ෂණ හැර සමාගමේ සම්පත් සකසුරුවම් ලෙස, කාර්යක්ෂම ලෙස සහ ඵලදායී ලෙස කාලසීමාවන් තුළ අදාළ නීතීරීති වලට අනුකූලව ප්‍රසම්පාදනය කර භාවිතා කර නොමැති බව.

(අ) 2020 මාර්තු 31 දිනට ගෙවිය යුතු රු. 8,272,917,286 ක් වූ මුළු ණය ප්‍රමාණයෙන් රු.6,092,272,225 ක් හෙවත් සියයට 92 ක් සමාගමේ කොටස්කාර සමාගම් හා එම සමාගම්වල ආශ්‍රිත සමාගම්වලින් සියයට 15 ක් සියයට 24 ක් අතර පරාසයක වාර්ෂික පොලී ප්‍රතිශතයන් යටතේ කාරක ප්‍රාග්ධන අවශ්‍යතා සඳහා ලබාගත් ණය මුදල් විය. ඒ අනුව සමාලෝචිත වර්ෂයේ රු.2,093,733,282 ක් වූ මුළු ණය පොලී වියදමෙන් රු.1,673,581,209 ක් හෙවත් සියයට 79.9 ක් කොටස්කාර සමාගම් හා එම සමාගම්වල ආශ්‍රිත සමාගම් සඳහා වන පොලිය විය. කවද, 2019 අප්‍රේල් 01 දිනට එම සමාගම්වල ආශ්‍රිත සමාගම්වලට ගෙවිය යුතුව තිබූ රු.746,679,237 ක ණය මුදල හා ඒ සඳහා ගෙවිය යුතුව තිබූ රු.768,609,290 ක පොලී මුදල් එකට එකතු කර සියයට 20 ක පොලී ප්‍රතිශතයක් යටතේ රු.1,515,288,527 ක නැවත ලබාගත් ණය මුදලක් වශයෙන් පරිවර්තනය කර තිබුණි. සමාගම විසින් 2016/2017 හා 2018/2019 වර්ෂයන්හි දී රජයේ හා පෞද්ගලික බැංකු 02 කින් සියයට 6.5 ක් බැහින් වූ පොලී ප්‍රතිශත යටතේ ණය පහසුකම් ලබාගෙන තිබීමෙන් මුදල් වෙළඳපල තුළ ඉතා අඩු පොලී ප්‍රතිශතයක් පවතින අවස්ථාවක කොටස්කරුවන් හා ඒ හා සම්බන්ධිත සමාගම්වලින් මෙලෙස ඉතා ඉහළ පොලී ප්‍රතිශත යටතේ ණය මුදල් ලබා ගැනීමත්, ගෙවිය යුතු පොලී, ණය මුදල් බවට පරිවර්තනය කිරීමත්, මූල්‍ය අවශ්‍යතා පිළිබඳව භාණ්ඩාගාරය දැනුවත් නොකිරීමත් තුළින් සමාගම ප්‍රබල මූල්‍ය අර්බුදයකට මුහුණ පා ඇති බව නිරීක්ෂණය වන අතර මෙම මතභේදාත්මක ගණුදෙනු කෙරෙහි මහා භාණ්ඩාගාරයේ අවධානය යොමු කර නොතිබූ බව වැඩිදුරටත් නිරීක්ෂණය විය.

- (ආ) 2019/2020 වර්ෂයේ සමාගමේ උක් වගා කළ හැකි මුළු බිම් ප්‍රමාණය හෙක්ටයාර් 4,852 ක් වුවද, වගා කර තිබූ මුළු බිම් ප්‍රමාණය හෙක්ටයාර් 4,656 ක් විය. ඒ අනුව උක් වගා නොකරන ලද හෙක්ටයාර් 196 ට අදාළව සමාලෝචිත වර්ෂයේ අහිමි වූ උක් ඵලදාව මෙට්‍රික් ටොන් 10,584ක් විය. (හෙක්ටයාර්: 196 * හෙක්ටයාරයකට සාමාන්‍ය උක් ඵලදාව 54)
- (ඇ) 2017/2018 වර්ෂයේ සිට 2019/2020 වර්ෂය දක්වා වූ වර්ෂ 03 ක කාලපරිච්ඡේදය සලකා බලන විට හෙක්ටයාරයකට සාමාන්‍ය වාර්ෂික උක් ඵලදාව පිළිවෙලින් මෙට්‍රික් ටොන් 65, 53 හා 54 ක් වශයෙන් ක්‍රමයෙන් පහළ ගොස් 2017/2018 වර්ෂයට සාපේක්ෂව 2019/2020 වර්ෂය වන විට මෙට්‍රික් ටොන් 11 කින් පහළ ගොස් තිබුණි. එසේ වුවද, මෙම තත්ත්වය වර්ධනය කර ගැනීමට සමාගම අපොහොසත්ව තිබුණි.
- (ඈ) 2018/2019 වර්ෂයේ මෙට්‍රික් ටොන් 152,017 ක් වූ කර්මාන්තශාලාවේ උක් ඇඹරීම 2019/2020 වර්ෂය වන විට මෙට්‍රික් ටොන් 226,598 ක් දක්වා සියයට 49 කින් ඉහළ ගොස් තිබුණද, ක්‍රියාකාරී සැලැස්ම මගින් අපේක්ෂා කළ උක් මෙට්‍රික් ටොන් 262,384 ක ප්‍රමාණය ළඟා කරගැනීමට අපොහොසත් වී තිබුණි. එමෙන්ම කර්මාන්තශාලාවේ වැඩිම උක් ඇඹරුම මෙට්‍රික් ටොන් 246,349 ක් 2014/2015 වර්ෂයේදී අත්පත් කරගෙන තිබූ අතර 2019/2020 වන විට වසර 06 ක් ගත වී ඇතත් එම මට්ටම ළඟාකර ගැනීමට සමාගම අපොහොසත්ව තිබුණි.
- (ඉ) කර්මාන්තශාලාවට අවශ්‍ය බලශක්තිය, සිනි නිෂ්පාදනයේ දී ඉවතලන බැගුණි ආධාරයෙන් නිපදවන අතර එය ප්‍රමාණවත් නොවූ පසු ජාතික විදුලි බල සඳ්ධනියට හම්බන්ධ වී යන්නේ ක්‍රියාත්මක කරයි. 2015/2016 වර්ෂය වන විට මෙහා වෙට් පැය 2800 ක් වූ අභ්‍යන්තර බලශක්ති උත්පාදනය 2019/2020 වර්ෂය වන විට මෙහා වෙට් පැය 766 ක් දක්වා අවණ්ඩව සියයට 73 කින් පහළ ගොස් තිබුණි. මෙම පහළයාම වළක්වා ගැනීම සඳහා ආයතනයේ දැනට පවත්නා බලශක්ති උත්පාදන ඒකකයේ ධාරිතාවය මෙහා වෙට් 2 සිට මෙහා වෙට් 10 දක්වා ඉහළ නැංවීමේ ව්‍යාපෘතියක් 2018 වර්ෂයේ ආරම්භ කර 2020 වර්ෂයේ මැද භාගය වන විට අවසන් කිරීමට යෝජනාව තිබූ නමුත් අදාළ ව්‍යාපෘතිය සමාලෝචිත වර්ෂය අවසාන වන විට දී ද ක්‍රියාත්මක කර නොතිබුණි.
- (ඊ) සමාගමෙහි අතුරු නිෂ්පාදන වශයෙන් 2019/2020 වර්ෂයට අදාළ ඇස්තමේන්තුගත කොමිපෝස්ට් නිෂ්පාදනය මෙට්‍රික් ටොන් 5000 ක් වුවද, සත්‍ය නිෂ්පාදිත ප්‍රමාණය මෙට්‍රික් ටොන් 1000 ක් හෙවත් සියයට 20 ක් පමණක් විය. 2017/2018 වර්ෂයේදී රු.2,625,200 ක පිරිවැයකින් ඉදිකළ කොමිපෝස්ට් අංගනයෙන් වාර්ෂිකව කොමිපෝස්ට් මෙට්‍රික් ටොන් 7000 ක් නිපදවා රාජ්‍ය හා පෞද්ගලික යන දෙඅංශයේම ගැනුම්කරුවන්ට අලෙවි කිරීමට අපේක්ෂා කර තිබූ නමුත් වසර 03 ක් ගතවන විටත්



ප්‍රමාණවත් පරිදි ගැඹුරුකරුවන් ආකර්ෂණය කර ගැනීමට නොහැකි වීම මත කොමිෂන්ස්ථ නිෂ්පාදනය අපේක්ෂිත මට්ටමට ලඟාකර ගැනීමට නොහැකි වීම හා කොමිෂන්ස්ථ අංගනය පුර්ණ ලෙස උපයෝජනය කිරීමට සමාගම අපොහොසත්ව තිබුණි.

(උ) ආයතනයේ සේවයේ නියුක්ත නිලධාරීන් වෙනුවෙන් ලබා දිය හැකි නිල නිවාස 113 ක අනවසර පදංචිකරුවන් පදිංචි වී ඇති බව ආයතනය විසින් ලබාදුන් තොරතුරු අනුව නිරීක්ෂණය විය. එහෙත් එම නිවාස අත්පත් කර ගැනීමට සමාගම පියවර ගෙන නොතිබුණි.

3. වෙනත් විගණන නිරීක්ෂණ

(ආ) ශේෂපත්‍ර දිනට ගෙවීන්ගෙන් අයවිය යුතු රු.82,642,083 ක ණය මුදලින් කළමනාකරණ තීරණ මත රු.47,214,354 ක් කපා හැර තිබීම මතභේදාත්මක වන අතර ඉතිරි මුදලින් රු.22,953,208 ක් 2021 මාර්තු මාසය වන විට තව දුරටත් අයවිය යුතුව පැවතුණි.


 ඩබ්ලිව්. පී. ඩී. ඩිසානායක
 විගණකාධිපති

GAL OYA PLANTATIONS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the year ended 31st March,</i>	Note	2020 <u>Rs.</u>	2019 <u>Rs.</u>
Revenue	6	3,750,130,748	2,023,654,250
Cost of sales		(2,516,841,474)	(1,469,011,844)
Gross profit		<u>1,233,289,274</u>	<u>554,642,407</u>
Other income	7	2,193,404	21,667,509
Administrative expenses		(609,687,397)	(597,794,535)
Profit/(Loss) before interest & taxation		<u>625,795,282</u>	<u>(21,484,620)</u>
Finance income		<u>37,798,302</u>	<u>10,868,463</u>
Finance expenses		<u>(2,093,733,282)</u>	<u>(1,803,529,762)</u>
Net finance expenses	8	(2,055,934,980)	(1,792,661,300)
Loss before taxation	9	<u>(1,430,139,698)</u>	<u>(1,814,145,920)</u>
Income tax expense	10	-	-
Loss for the year		<u>(1,430,139,698)</u>	<u>(1,814,145,920)</u>
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Actuarial gain/(loss) on defined benefit obligations		(520,104)	(3,430,246)
Revaluation Surplus		144,094,500	-
Other comprehensive income for the year, net of tax		<u>143,574,396</u>	<u>(3,430,246)</u>
Total comprehensive income for the year		<u>(1,286,565,302)</u>	<u>(1,817,576,166)</u>
Deficit per share (Rs.)	11	14.14	17.93

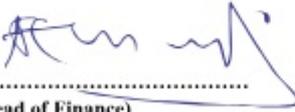
*The accounting policies and notes form an integral part of these financial statements.
Figures in brackets indicate deductions.*

GAL OYA PLANTATIONS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

<i>As at 31st March,</i>		2020	2019
	Note	<u>Rs.</u>	<u>Rs.</u>
ASSETS			
Non - current assets			
Property, plant and equipment	12	2,061,154,640	1,944,006,104
Infrastructure development	13	51,985,064	57,721,152
Right to use land and buildings	14	225,400,000	235,200,000
Capital work in progress	15	3,138,361	110,171,565
Intangible assets	16	1,843,227	2,629,969
Loans given to farmers	17	199,301,030	128,308,993
		<u>2,542,822,323</u>	<u>2,478,037,783</u>
Current assets			
Biological assets	18	22,873,048	14,508,709
Inventories	19	759,515,497	913,557,408
Loans given to farmers	17	341,157,358	287,704,611
Trade and other receivables	20	96,539,302	82,799,228
Amounts due from related parties	21	3,481,444	3,153,670
Income tax receivable		27,051,675	13,131,199
Cash and cash equivalents	22	50,633,696	28,597,348
Total current assets		<u>1,301,252,019</u>	<u>1,343,452,174</u>
Total assets		<u>3,844,074,341</u>	<u>3,821,489,956</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	23	1,011,764,730	1,011,764,730
Accumulated loss		(8,677,402,641)	(7,246,742,839)
Revaluation reserves		144,094,500	-
Total equity		<u>(7,521,543,411)</u>	<u>(6,234,978,109)</u>
Non - current liabilities			
Interest bearing loans and borrowings	25	6,494,664,713	3,757,712,047
Retirement benefit obligations	24	56,684,818	50,727,388
Finance lease obligations	26	59,585,048	130,254,893
Total non current liabilities		<u>6,610,934,579</u>	<u>3,938,694,328</u>
Current liabilities			
Interest bearing loans and borrowings	25	1,778,252,573	3,643,102,170
Finance lease obligations	26	70,669,841	39,294,950
Trade and other payables	27	810,796,658	380,486,185
Amount due to related parties	28	2,032,120,008	1,817,038,879
Bank overdraft	22	62,844,095	237,851,553
Total current liabilities		<u>4,754,683,174</u>	<u>6,117,773,738</u>
Total equity and liabilities		<u>3,844,074,341</u>	<u>3,821,489,956</u>

*The accounting policies and notes form an integral part of these financial statements.
Figures in brackets indicate deductions.*

I certify that the financial statements of the Company comply with the requirement of the companies act No 07 of 2007.


.....
Head of Finance)
(Mr.M.A.C Munasinghe)

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board;


.....
Director
(Mr.W.K.D.T.Abeyrathne)
20th November 2020


.....
Director
(Mr.Padmamal Perera)

GAL OYA PLANTATIONS (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

	Stated capital <u>Rs.</u>	Revaluation Reserves	Retained earnings <u>Rs.</u>	Total <u>Rs.</u>
Balance as at 1 st April, 2018	1,011,764,730	-	(5,429,166,673)	(4,417,401,943)
Loss for the year	-	-	(1,814,145,920)	(1,814,145,920)
Other comprehensive income for the year	-	-	(3,430,246)	(3,430,246)
Total comprehensive income for the year	-	-	(1,817,576,166)	(1,817,576,166)
Balance as at 31st March, 2019	1,011,764,730	-	(7,246,742,839)	(6,234,978,109)
Loss for the year	-	-	(1,430,139,698)	(1,430,139,698)
Other comprehensive income for the year	-	144,094,500	(520,104)	143,574,396
Total comprehensive income for the year				(1,286,565,302)
Balance as at 31st March, 2020	1,011,764,730	144,094,500	(8,677,402,641)	(7,521,543,411)

*The accounting policies and notes form an integral part of these financial statements.
Figures in brackets indicate deductions.*

GAL OYA PLANTATIONS (PRIVATE) LIMITED
STATEMENT OF CASH FLOW

For the year ended 31st March,

	<u>2020</u>	<u>2019</u>
	<u>Rs.</u>	<u>Rs.</u>
Cash flows from operating activities		
Loss before taxation	(1,430,139,698)	(1,814,145,920)
Adjustments for:		
Finance income	(37,798,302)	(10,868,463)
Finance expense	2,093,733,282	1,803,529,762
Depreciation on property, plant and equipment	229,897,851	251,874,884
Amortisation of intangible assets	836,422	524,357
Amortisation of lease hold right	9,800,000	9,800,000
Amortisation of infrastructure development equipment	33,452,681	33,877,450
Impairment of farmer loans	1,969,288	9,762,172
Provision for retiring gratuity	13,239,429	11,386,138
Provision for doubtful debts	115,789	242,737
Provision for ENA transfer loss	3,497,122	1,902,422
Operating profit before working capital changes	<u>918,603,864</u>	<u>297,885,539</u>
Working capital changes		
(Increase) / decrease in inventories	150,544,789	(196,184,463)
(Increase)/decrease in biological asset	(8,364,339)	6,202,051
Increase in trade and other receivables	(13,855,863)	39,782,044
(Increase) / decrease in due from related party	(327,774)	(381,566)
(Increase) / decrease in loan given to farmers	(126,414,072)	(135,649,870)
Increase / (decrease) in trade and other payables	430,310,473	211,990,023
(Increase) / decrease in due to related party	(269,272,242)	(114,637,401)
Cash generated from operations	<u>1,081,224,837</u>	<u>109,006,358</u>
Income tax paid	(13,920,476)	(10,552,122)
Retiring gratuity paid	(7,802,103)	(3,490,770)
Finance expense paid	(840,770,621)	(758,402,348)
Net cash from/(used in) operating activities	<u>218,731,637</u>	<u>(663,438,882)</u>
Cash flows from investing activities		
Interest income received	37,798,302	10,868,463
Acquisition of property, plant and equipment	(94,887,563)	(75,582,863)
Acquisition of intangible assets	(49,680)	(1,850,000)
Additions to infrastructure development	(27,716,593)	(30,328,884)
Investments in capital work-in-progress	(1,031,121)	(99,168,897)
Net cash flows used in investing activities	<u>(85,886,654)</u>	<u>(196,062,181)</u>
Cash flows from financing activities		
Net Increase/(Decrease) in Lease Liability	(39,294,954)	(38,507,125)
Receipts from borrowings - related companies	742,000,000	1,059,000,000
Repayment of borrowings - related companies	(764,154,439)	(522,191,126)
Receipts from borrowings - non related companies	1,086,455,617	480,320,000
Repayment of borrowings - non related companies	(960,807,400)	(167,375,959)
Net cash from financing activities	<u>64,198,824</u>	<u>811,245,790</u>
Net change in cash and cash equivalents during the year	197,043,807	(48,255,272)
Cash and cash equivalents at the beginning of the period	(209,254,205)	(160,998,935)
Cash and cash equivalents at the end of the year (Note 22)	<u>(12,210,399)</u>	<u>(209,254,205)</u>

*The accounting policies and notes form an integral part of these financial statements.
Figures in brackets indicate deductions.*

GALOYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

1.1 General

Gal Oya Plantations (Private) Limited is a limited liability company incorporated on 11th October, 2006 under the Companies Act No.07 of 2007 and domiciled in Sri Lanka. The Company's registered office is located at 481, T.B.Jayah Mawatha, Colombo 10 and the business office is located at Factory complex, Hingurana, Ampara.

1.2 Principal activities and nature of operation

The Company is engaged in production of Sugar, ENA and generation of Electricity.

1.3 Parent entity and ultimate parent entity

The main shareholder of the company is the Government of Sri Lanka which owns 51% of the shareholding as at 31st March, 2020. The Company is an associate of LOLC Holdings PLC and Brown & Company PLC. LOLC Holdings PLC holds 26.95% and Brown & Company PLC holds 22.05% of the ordinary shares as at 31st March, 2020.

1.4 Date of authorization for issue

The financial statements of Gal Oya Plantations (Private) Limited for the year ended 31st March 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 20th November 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements of the Company prepared in accordance with the Sri Lanka Accounting Standards (SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of measurement

The financial statements of the company have been prepared on the historical cost basis, except for measurement of the following material items in the Statement of financial position.

- Biological (Standing sugar cane) assets are measured at fair value less cost to sell.
- Retirement benefit obligations are measured at the present value of defined benefit obligations.

2.3 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair Values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows,

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

2 BASIS OF PREPARATION (CONTINUED)

2.3 Fair value (Continued)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

2.4 Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entities of the Company operate.

The financial statements are presented in Sri Lankan Rupee, which are the functional currency and the Company's presentation currency. All financial information presented in Rupee has been rounded to the nearest Rupee unless stated otherwise.

2.5 Use of estimates and judgment

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

2 BASIS OF PREPARATION (CONTINUED)

2.5 Use of estimates and judgment (Continued)

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

a) Useful lives of depreciable assets

Management reviews its estimation of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the useful life of certain property, plant and equipment.

b) Impairment

In assessing impairment, management estimates the recoverable amount at each asset or cash-generating unit based on expected future cash flows and uses an appropriate interest rate to discount them. Management makes certain assumptions based on their judgement in forecasting future operating results.

c) Measurement of retirement benefit obligations

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

d) Biological assets

In measuring fair value of standing cane, management estimates and judgments required for the determination of the fair value.

Market price of the standing cane is obtained from the local market and quality and weight are considered to approximate the Company's standing cane.

2.6 Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. Those responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

GALOYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

2.7 Comparative information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.8 Materiality and aggregation

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

2.9 Offsetting

Assets and liabilities, and income and expenses, are not offset unless required or permitted by SLFRSs.

2.10 Going concern

The management has made an assessment of the Company's ability to continue as a going concern, and they certified that the company has adequate resources to continue in business for the foreseeable future. Therefore, these financial statements are prepared on going concern basis.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has applied SLFRS 16, which is effective for the annual reporting periods beginning on or after April 1, 2019 for the first time. The Company has not early adopted any other accounting standard, interpretation or amendment that has been issued but not effective.

Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to SLFRS 16, the Company elected to apply the practical expedient to exempt the assessment of which transactions are leases. The Company applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease under SLFRS 16. Therefore, the definition of a lease under SLFRS 16 was applied only to contracts entered or changed on or after 1st April 2019.

As a lessee

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under SLFRS 16, the Company recognizes right-of-use assets and lease liabilities for the leases – i.e. these leases are on-balance sheet.

GALOYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Leases classified as operating leases under LKAS 17

Previously, the Company classified property leases as operating leases under LKAS 17. On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1st April 2019. Right-of-use assets are measured at:

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company applied this approach to all the leases.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that right-of-use assets are impaired. The Company used the following practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.
- did not recognize right-of-use assets and liabilities for leases of low value assets.

b) Leases previously classified as finance leases

For leases that were classified as finance leases under LKAS 17, the carrying amount of the right-of-use asset and the lease liability as at 1st April 2019 are determined at the carrying amount of the lease asset and lease liability under LKAS 17 immediately before that date.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Financial instruments

a) Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and related party receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provision of the instrument.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Financial instruments (Continued)

b) Classification and subsequent measurement

4.1.1 Financial assets

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

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

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

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

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

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

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

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flow s through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Financial instruments (Continued)

b) Classification and subsequent measurement (Continued)

4.1.1 Financial assets (Continued)

Business model assessment (Continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument.

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permit or requires prepayment at an annual amount that substantially represent the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**4.1 Financial instruments (Continued)****4.1.1 Financial assets (Continued)****Subsequent measurement and gains and losses:**

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognised in profit or loss.
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4.1.2 Financial liabilities**Classification, subsequent measurement and gains and losses**

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

Derecognition

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

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

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

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

Offsetting

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Leases

The Company has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4.

Policy applicable from 1st April 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether;

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either;
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

Policy applicable before 1st April 2019

For contracts entered before 1st April 2019, the Company determines whether the arrangement was or contained a lease based on the assessment of whether;

Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and

The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met;

The purchaser had the ability to or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;

The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or

Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Leases (Continued)

As a lessee

Policy applicable from 1st April 2019

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the sit on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments from a change in an index or a rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant, and equipment and lease liabilities in loans and borrowings in the statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Leases (Continued)

As a lessee (Continued)

Policy applicable before 1st April 2019

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as a finance lease. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating lease and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the lease term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

4.3. Assets and bases of their valuation

4.3.1. Property, plant and equipment

4.3.1.1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost Model

The company applies the cost model to all property, plant and equipment except freehold land and buildings; which is recorded at cost of purchase together with any incidental expenses thereon less any accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to the working condition for its intended use, and borrowing costs if the recognition criteria are met. This also includes cost of dismantling and removing the items and restoring them in the site on which they are located. All items of property, plant and equipment are recognised initially at cost.

Revaluation Model

The company revalue its property, plant & equipment which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of property, plant & equipment, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognized in the Statement of statement of profit or loss. A decrease in value is

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3. Assets and bases of their valuation (Continued)

4.3.1 Property, plant and equipment (Continued)

4.3.1.1 Recognition and measurement (Continued)

Revaluation Model (Continued)

recognized in the statement of comprehensive income where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

4.3.1.2. Subsequent cost

The Company recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are recognised from the cost of the assets. The cost of day to day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

4.3.1.3. De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively to the financial statements, to increase the relevance and reliability of information provided in financial statements for decision makers if appropriate;

4.3.1.4. Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an assets begins when it is available for use and ceases at the earlier of the date that the assets is disposed. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of lease term. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

The estimated useful lives for the current as follows:

GALOYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3. Assets and bases of their valuation (Continued)

4.3.1 Property, plant and equipment (Continued)

4.3.1.4 Depreciation (Continued)

Property, plant and equipment	No. of years
Buildings	30 years
Plant and machinery-factory	12 years
Fleet machinery	4 years
Water purification plant	12 years
Furniture and fittings	5 years
Office equipment	4 years
Agriculture Implement & Equipment	8 years
Bungalow equipment	8 years
Factory Equipment	8 years
Tractors and trailers	6 years
Sugar cane harvester	4 years
Motor cycle	4 years
Computer equipment	4 years
Mobile phones	4 years
GPS Tracking devices	4 years
Intangible asset	4 years
Distillery Plant & Machineries	20 years

4.3.1.5. Amortisation of leasehold land & building

The leasehold rights are being amortised in equal amounts over the shorter of lease term and the expected useful life of the assets is as follows.

Class of asset	No. of years
Land & Building	30 years
Permanent land development	30 years

4.3.1.6. Intangible assets

An intangible asset is recognized initially at cost when it is probable that future economic benefits that are attributable to the asset will flow to the Company and when the cost of the asset can be measured reliably. These intangible assets are carried in the balance sheet at cost less accumulated amortization and impairment losses.

All computer software cost incurred, licensed for use by the Company, which does not form an integral part of related hardware and which can be clearly identified, reliably measured and it is probable that they will lead to future economic benefits are included under intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

4.3.2. Biological assets

Biological assets comprise nursery and standing cane.

Standing cane is measured at fair value less cost to sell, based on market process available in the local market with adjustments, where necessary, to reflect the differences. Cost to sell of the standing cane includes incremental cost of harvesting, loading and transportation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3. Assets and bases of their valuation (Continued)

4.3.2 Biological assets (Continued)

Change in fair value of standing cane is recognised in the statement of comprehensive income. Nurseries are valued at cost as a little biological transformation has taken place since initial cost incurrence and the impact of the biological transformation on price is not expected to be material. Cost includes direct and indirect planting cost.

a) Growing crop nurseries

Nursery cost includes the cost of direct materials, direct labor and an appropriate proportion of directly attributable overheads.

4.3.3. Borrowing cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the statement of comprehensive income.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - 'Borrowing Costs'.

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will be ceased when the crops are ready for commercial harvest. The amount so capitalised and the capitalisation rates are disclosed in the notes to the financial statements.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in Statement of profit or loss using the effective interest method.

4.3.4. Permanent land development cost

Permanent land development costs are those costs incurred making significant infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

4.3.5. Capital work-in-progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon.

Expenditure incurred on capital work-in-progress for permanent nature or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

GALOYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3. Assets and bases of their valuation (Continued)

4.3.6. Impairment-Non financial assets

The carrying amount of the Company's non-financial assets, other than inventories are reviewed at each reporting to determine whether there is any indication of impairment. If any such indication exists the recoverable amounts of such assets are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flow that are largely independent from other assets. Impairment losses are recognised in the Statement of profit or loss.

4.3.7. Inventories

Inventories are measured at the lower of cost and net realisable value. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula:

Input material, spares and consumables- at actual cost on weighted average basis.

Finished goods and work-in-progress (sugar) - At direct material cost, direct labour and appropriate proportion of production overheads & less selling price of by product (molasses)

Molasses-by product- average selling price

As per extra ordinary gazette no 1996/52, 0.1% is considered as a deficiency in stock in a normal course of business which has been provided in preparing accounts.

4.3.8. Farmer loan provision

As farmer loan balances considered as a significant asset in the GOPL statement of financial position, the management has estimated the following provision estimates for doubtful debts on the farmer loans categorized as Medium-Term Loan (MTL) that are aged more than 03 years and Short-Term Loan (STL) that are aged more than 02 years from the financial year respectively.

Overdue age	Provision estimates
2 Years	10%
3 Years	25%
4 Years	40%
5 Years	50%
6 Years	60%
7 Years	70%
8 Years	80%
9 Years	90%
More than 10 Years	100%

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Liabilities and provisions

4.4.1 General

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the date of the statement of financial position. Non-current liabilities are those balances that fall due for payment after one year from the date of the statement of financial position. All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.4.1.1 Accounts payables and accrued expenses

Trade and other payables are stated at cost.

4.4.1.2 Provisions

Provisions are made for all obligations existing as at the date of the statement of financial position when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

4.4.2 Employee benefit

4.4.2.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

All employees who are eligible for Employees Provident Fund and Employees Trust fund are covered by relevant contributions fund to the defined contribution plans and are recognised as an expense in the financial statements when incurred.

4.4.2.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at reporting date. The defined benefit obligation is calculated by a qualified Actuary as at reporting date using Projected Unit Credit method as recommended by LKAS 19. The company expects to carry out actuarial valuation every year.

The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of liability. Provisions has been made in the financial statements for retiring gratuities from the first year if service for all employees.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Liabilities and provisions (Continued)

4.4.2 Employee benefit (Continued)

4.4.2.2 Defined benefit plans (Continued)

However, under the payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arise only after the completion of five years continued service. The liability is not externally funded.

With the adoption of LKAS 19 – Employee Benefits, the Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in the other comprehensive income as they occur. This has been adopted by the Company with retrospective effect.

4.4.2.3 Short term benefits

Short-term employee benefits and obligations are measured on an undiscounted basis and are expensed as the related services are provided.

4.5 Other receivables

Other receivable balances are stated at estimated amounts receivable after providing for doubtful receivables.

4.6 Cash & cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Group cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

4.7 Income tax expense

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in statement of comprehensive income except to the extent that it relates to items recognized directly in the statement of changes in equity.

4.7.1 Current Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

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. 24 of 2017. Current 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Income tax expense (Continued)

4.7.2 Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and tax purposes. Deferred tax is measured at rates applicable to the temporary differences.

No deferred tax liability will be recognised in the financial statements when the brought forward tax losses are in excess of the deferred tax liability recognised.

4.8 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over goods to a customer.

4.9 Expenses recognition

Expenses are recognized in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the Statement of Profit or Loss, the Directors are of the opinion that the nature of the expense's method present fairly the element of the Company's performance, and hence such presentation method is adopted. Preliminary and pre-operational expenditure is recognized in the Statement of Profit or Loss.

4.10 Finance income and finance expenses

Finance income and finance costs include:

- Interest income
- Interest expense

Interest income or expense is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payment or receipts through the expected life of the financial instrument to:

- The gross amount of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to the liability recognition, interest income is calculate by applying the effective interest rate to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation is interest income to the gross basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Foreign currency transaction

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions. All monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Sri Lankan Rupees at the foreign exchange rate prevailing at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transactions. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the Statement of profit or loss, except for differences arising on the re-translation of available for sale equity investments, a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the Statement of profit or loss.

4.12 Earnings per share

The Company presents basic Earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

4.13 Statement of cash flows

The Statement of cash flows have been prepared using the 'Indirect Method' of preparing cash flows in accordance with the LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

4.14 Related party disclosures

4.14.1 Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24. The Pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Related party disclosures (Continued)

4.14.2 Transactions with key management personnel

According to Sri Lanka Accounting Standard 24 “Related Party Disclosures”, Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors), personnel hold designation of Divisional General Manager and above positions and their immediate family member have been classified as Key Management Personnel of the Company.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs.

4.15 Events after the reporting date

All material post reporting events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

4.16 Commitments and contingencies

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

4.17 Amendments to existing accounting standards issued but not yet effective

Several amendments to Accounting Standards are effective for annual financial periods beginning on or after January 1, 2020, and earlier application is permitted. However, the Company has not early adopted the following amendments to Accounting Standards in preparing these Financial Statements as they are not expected to have a significant impact on the Company’s Financial Statements.

Amendments to references to conceptual framework in SLFRS Standards

CA Sri Lanka has issued a revised Conceptual Framework which will be used in standard setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity by revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Amendments to existing accounting standards issued but not yet effective (Continued)

No changes will be made to any of the current Accounting Standards. However, if the Company rely on the framework in determining certain accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. The Company will need to consider whether those accounting policies are still appropriate under the revised Framework.

Definition of Material (Amendments to LKAS 1 and LKAS 8)

In November 2018, the CA Sri Lanka issued amendments to LKAS 1 and Sri Lanka Accounting Standard – LKAS 8 on “Accounting Policies, Changes in Accounting Estimates and Errors” to align the definition of ‘material’ across the standards and to clarify certain aspects of the term ‘definition’. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity.’ The Company shall apply those amendments prospectively for annual financial periods beginning on or after January 1, 2020.

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

5 Appropriateness of going concern assumption

The Company incurred a net loss of Rs.1,286,565,302/- for the year ended 31st March 2020 (previous year Rs.1,817,576,166/-) and as at the date the liabilities exceeded the total assets by Rs.7,521,543,411/- (previous year Rs.6,234,978,109/-). These conditions may indicate uncertainty about the Company's ability to continue as a going concern.

However, the management has set an action plan with planned investments which will generate positive cash flow and profits in the future and the plans will be monitored by Board to recoup the losses incurred. The expected profits and the positive cash flows are mainly attributed due to investment on planned ethanol plant and the Company's plantation reaching its desired level of capacity, thereby increased level of production. Further expected new projects such as Co-Generation power plant, Liquor bottling plant, CO2 bottling plant and restructuring of current expensive loan portfolio will ensure robust and positive cash flows for coming years. The management has evaluated the impact of these in profitability and cash flows when making the decision on Company's going concern. Accordingly the Directors are of the view that the Company is able to continue as a going concern.

For the year ended 31st March,

	2020 Rs.	2019 Rs.
6 Revenue		
Sale of Sugar	1,436,512,314	799,977,800
Sale of ENA	2,301,845,750	1,223,650,000
Bio-Compost	11,772,684	26,450
	3,750,130,748	2,023,654,250
7 Other income		
Income from sale of "C" sugar	-	8,623,920
Income from molasses sales	1,553,044	10,294,556
Income from scrap sales	-	1,942,502
Miscellaneous income	640,360	806,531
	2,193,404	21,667,509
8 Net finance expenses		
8.1 Finance income		
Interest income - repo investment & savings	4,578,452	37,462
Interest income from farmer loans	33,219,850	10,831,001
	37,798,302	10,868,463
8.2 Finance expenses		
<i>Interest on loans from</i>		
LOLC Holdings PLC	225,097,927	176,794,324
LOLC Factors Limited	1,079,602,118	898,167,629
Browns & Company PLC	135,103,343	133,349,133
Commercial Leasing & Finance PLC	47,359,252	53,712,587
Peoples Bank PLC	27,663,980	42,013,907
Bank of Ceylon PLC	1,191,290	1,973,006
Saakya Capital (Pvt) Ltd	287,499,996	287,499,996
Rahul Capital (Pvt) Ltd	123,500,004	123,500,004
Seylan Bank PLC	49,169,194	6,976,188
LOLC Finance PLC	13,749,371	16,127,761
SAPP Loan Interest	45,013,947	-
Lanka Commercial Trading	9,999,410	-
<i>Other interest on</i>		
Interest on finance lease obligation	32,640,727	39,319,971
Bank overdraft	16,142,723	24,095,254
	2,093,733,282	1,803,529,762
Net finance income/(expenses)	(2,055,934,980)	(1,792,661,299)
<i>For the year ended 31st March,</i>		
	2020 Rs.	2019 Rs.
9 Loss before taxation		
<i>Stated after charging all expenses including the following:</i>		
Depreciation on property, plant and equipment	229,897,851	251,874,884
Amortisation on intangible assets	836,422	524,357
Depreciation on infrastructure development	33,452,681	33,877,450
Amortisation on right to use land and building	9,800,000	9,800,000
Personnel costs (Note 9.1)	526,927,667	470,592,478
External audit fees	1,766,000	275,000
Impairment on farmer loan	1,969,288	9,762,172
9.1 Personnel costs		
Salaries and Wages	258,282,102	237,686,816
Defined contribution plan costs - EPF/ETF	32,422,165	31,877,889
Defined benefit plan costs - retirement benefit	13,239,429	11,386,139
Other staff related expenses	222,983,972	189,641,634
	526,927,667	470,592,478
Number of Staff	1,069	1,013

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

<i>For the year ended 31st March,</i>	2020	2019
	<u>Rs.</u>	<u>Rs.</u>
10 Income tax expense		
Current tax expense		
Income tax expenses on current year profit (Note 10.1)	-	-
	-	-
10.1 Reconciliation of the accounting profit and tax on current year.		
Loss before taxation	(1,430,139,698)	(1,814,145,920)
Non business income	(37,798,302)	(10,868,463)
Aggregate disallowed expenses	1,833,886,100	1,593,723,511
Aggregate allowed deductions	(529,249,106)	(505,033,020)
Tax loss	(163,301,006)	(736,323,891)
Non business income	37,798,302	10,868,463
Utilisation of tax losses	(37,798,302)	(10,868,463)
Taxable income	-	-
Income tax @ 18%	-	-
	-	-
10.2 Tax losses carried forward		
Tax losses brought forward	6,993,703,274	6,268,247,845
Tax losses arising during the year	163,301,006	736,323,891
Utilisation of tax losses against investment income	(37,798,302)	(10,868,463)
Utilisation of tax losses against Business income	-	-
Tax losses at the end of the year	7,119,205,978	6,993,703,274
10.3 Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of following items.		
Property, plant and equipment	(1,658,323,769)	(1,261,033,131)
Retirement benefit obligations	56,684,818	50,727,388
Tax losses	7,119,205,978	6,993,703,274
Deductible temporary difference	5,517,567,028	5,783,397,531
Applicable Tax Rate	18%	28%
Deferred Tax Asset	993,162,065	1,619,351,309
	993,162,065	1,619,351,309
11 Deficit per share		
Deficit per share is calculated by dividing the net loss for the year attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.		
	<u>2020</u>	<u>2019</u>
Loss for the year (Rs.)	1,430,139,698	1,814,145,920
Weighted average number of ordinary shares in issue	101,176,473	101,176,473
Deficit per share (Rs.)	14.14	17.93

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefit there for.

GALOYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

12 Property, plant and equipment

Cost	Balance as at	Additions	Balance as at	Balance as at	Additions	Revaluation	Disposals	Balance as at
	1 st April 2018		31 st March 2019	1 st April 2019				31 st March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold								
Buildings	171,073,121	24,101,236	195,174,357	195,174,357	29,256,579	-	-	224,430,937
Permanent land development cost	63,348,553	-	63,348,553	63,348,553	-	-	-	63,348,553
Factory - plant and machinery	878,429,652	24,389,268	902,818,920	902,818,920	70,823,398	-	-	973,642,318
Fleet Machinery	17,119,925	-	17,119,925	17,119,925	-	7,300,000	-	24,419,925
Water purification plant	5,426,456	1,684,030	7,110,486	7,110,486	-	-	-	7,110,486
Furniture and fixtures	6,920,910	1,375,394	8,296,304	8,296,304	1,309,299	82,500	-	9,688,103
Office equipment	9,901,680	2,055,743	11,957,423	11,957,423	820,600	48,000	-	12,826,023
Agriculture equipment	34,781,657	9,902,520	44,684,177	44,684,177	3,394,447	590,000	-	48,668,624
Bungalow equipment	8,081,002	342,778	8,423,780	8,423,780	700,335	24,000	-	9,148,115
Factory equipment	78,723,128	7,939,038	86,662,167	86,662,167	8,222,259	-	-	94,884,426
Tractors and trailers	154,634,893	794,680	155,429,573	155,429,573	290,000	73,785,000	-	229,504,573
Sugar cane harvester	2,060,000	-	2,060,000	2,060,000	-	-	-	2,060,000
Motor cycle	319,480	-	319,480	319,480	-	120,000	-	439,480
Computer equipment	9,415,469	430,040	9,845,509	9,845,509	1,878,600	595,000	-	12,319,109
Mobile phones	1,315,698	129,000	1,444,698	1,444,698	3,250	-	-	1,447,948
GPS tracking device	2,104,500	-	2,104,500	2,104,500	-	-	-	2,104,500
Distillery Plant & Machineries	1,027,438,048	2,439,135	1,029,877,183	1,029,877,183	85,436,120	-	-	1,115,313,302
	2,471,094,173	75,582,863	2,546,677,035	2,546,677,035	202,134,887	82,544,500	-	2,831,356,422
Leasehold								
Sugar cane harvester	159,036,027	-	159,036,027	159,036,027	817,000	35,000,000	-	194,853,027
Motor vehicles	50,299,336	-	50,299,336	50,299,336	-	15,300,000	-	65,599,336
Infielder with tractors	27,048,757	-	27,048,757	27,048,757	-	2,000,000	-	29,048,757
Tractors	156,034,750	-	156,034,750	156,034,750	-	9,250,000	-	165,284,750
	392,418,870	-	392,418,870	392,418,870	817,000	61,550,000	-	454,785,870
Carrying amount at cost	2,863,513,042	75,582,863	2,939,095,905	2,939,095,905	202,951,887	144,094,500	-	3,286,142,292
Accumulated depreciation	Balance as at	Charge for the	Balance as at	Balance as at	Charge for the	Revaluation	Disposals	Balance as at
	1st April 2018	year	31st March 2019	1st April 2019	year			31st March 2020
Freehold								
Buildings	5,614,392	6,123,809	11,738,201	11,738,201	6,691,734	-	-	18,429,935
Permanent land development cost	10,558,092	2,111,618	12,669,710	12,669,710	2,111,618	-	-	14,781,329
Factory - plant and machinery	349,037,079	74,456,490	423,493,569	423,493,569	75,398,533	-	-	498,892,102
Fleet Machinery	15,465,393	827,266	16,292,659	16,292,659	827,266	-	-	17,119,925
Water purification plant	2,226,143	463,899	2,690,043	2,690,043	645,351	-	-	3,335,394
Furniture and fixtures	5,361,021	776,266	6,137,287	6,137,287	819,674	-	-	6,956,961
Office equipment	2,370,564	2,737,480	5,108,044	5,108,044	2,958,100	-	-	8,066,144
Agriculture equipment	12,165,429	5,197,445	17,362,874	17,362,874	5,727,920	-	-	23,090,794
Bungalow equipment	4,321,497	735,620	5,057,117	5,057,117	782,988	-	-	5,840,105
Factory equipment	24,032,564	10,335,802	34,368,366	34,368,366	11,304,271	-	-	45,672,637
Tractors and trailers	127,410,432	23,703,771	151,114,202	151,114,202	1,289,599	-	-	152,403,801
Sugar cane harvester	2,060,000	-	2,060,000	2,060,000	-	-	-	2,060,000
Motor cycle	319,480	-	319,480	319,480	-	-	-	319,480
Computer equipment	8,555,941	538,431	9,094,372	9,094,372	609,733	-	-	9,704,105
Mobile phones	765,178	679,521	1,444,698	1,444,698	477	-	-	1,445,375
GPS tracking device	1,403,000	526,125	1,929,125	1,929,125	175,375	-	-	2,104,500
Distillery Plant & Machineries	-	51,398,787	51,398,787	51,398,787	55,230,893	-	-	106,629,680
	571,666,205	180,612,327	752,278,532	752,278,532	164,573,734	-	-	916,852,266
Leasehold								
Sugar cane harvester	93,247,606	31,622,842	124,870,448	124,870,448	30,185,706	-	-	155,056,154
Motor vehicles	19,187,821	9,111,514	28,299,335	28,299,335	8,000,000	-	-	36,299,335
Infielder with tractors	16,416,034	4,925,186	21,341,220	21,341,220	4,896,301	-	-	26,237,521
Tractors	42,697,251	25,603,014	68,300,266	68,300,266	22,242,110	-	-	90,542,376
	171,548,712	71,262,557	242,811,269	242,811,269	65,324,117	-	-	308,135,386
Accumulated depreciation	743,214,918	251,874,884	995,089,801	995,089,801	229,897,851	-	-	1,224,987,652
Carrying amount	2,120,298,125		1,944,006,104	1,944,006,104				2,061,154,640

12.1

Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment are as follows.

As at 31st March

	2020	2019
	Rs.	Rs.
Machinery - JCB	-	13,810,861
Furniture and fixtures	5,047,614	4,434,098
Office equipment	551,863	438,063
Tractors and trailers	6,163,800	156,671,526
Sugar cane harvester	2,060,000	34,604,660
Motor cycle	-	319,480
Computer & accessories	6,613,196	8,382,496
Mobile phones	1,444,698	1,444,698
Agriculture equipment	882,635	478,115
Bungalow equipment	2,320,215	2,450,978
Factory equipment	1,915,930	1,369,330
Infielder with tractors	-	7,348,011
Motor vehicles	-	18,299,336
GPS Tracking Devices	2,104,500	-
	29,104,451	250,051,652

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

13 Infrastructure development

Infrastructure development contain the road, drainage, culvert, gutters development cost which have useful time of 4 years.

	Balance as at 1 st April 2019	Additions / transfer	Balance as at 31 st March 2020
Cost			
Infrastructure development	293,491,896	27,716,593	321,208,489
	<u>293,491,896</u>	<u>27,716,593</u>	<u>321,208,489</u>
	Balance as at 1 st April 2019	Amortization	Balance as at 31 st March 2020
Accumulated amortization			
Infrastructure development	235,770,744	33,452,681	269,223,424
	<u>235,770,744</u>	<u>33,452,681</u>	<u>269,223,424</u>
Carrying amount	<u>57,721,152</u>		<u>51,985,064</u>

13.1 Fully depreciated Infrastructure development

The cost of fully depreciated infrastructure developments as at the reporting date is as follows:

	2020 Rs.	2019 Rs.
<i>As at 31st March</i>		
Infrastructure development	227,522,393	192,848,618
Total	<u>227,522,393</u>	<u>192,848,618</u>

14 Right to use land and buildings

	Balance as at 1 st April 2019	Additions / transfer	Balance as at 31 st March 2020
Cost			
Right to use land and buildings	294,000,000	-	294,000,000
	<u>294,000,000</u>	<u>-</u>	<u>294,000,000</u>
	Balance as at 1 st April 2019	Amortisation	Balance as at 31 st March 2020
Accumulated amortisation			
Right to use land and buildings	(58,800,000)	(9,800,000)	(68,600,000)
	<u>(58,800,000)</u>	<u>(9,800,000)</u>	<u>(68,600,000)</u>
Carrying amount	<u>235,200,000</u>		<u>225,400,000</u>

Pursuant to the Shareholders Agreement entered into with the Government of the Democratic Socialist Republic of Sri Lanka, the Company obtained the leasehold rights of the land and building at factory complex, Hingurana, Ampara. The said land and building is leased for a period of 30 years from 28th August 2009, and is amortised over the balance lease period.

	2020 Rs.	2019 Rs.
<i>As at 31st March,</i>		
Capital work in progress		
15.1 Fly Ash Control System/Power plant construction		
Balance as at beginning of the year	54,261,477	11,002,668
Additions	1,031,121	43,258,809
Transfer to property, plant and equipment	(52,154,237)	-
Balance as at end of the year	<u>3,138,361</u>	<u>54,261,477</u>
15.2 Building		
Balance as at beginning of the year	1,796,485	-
Additions	-	1,796,485
Transfer to property, plant and equipment	(1,796,485)	-
Balance as at end of the year	<u>-</u>	<u>1,796,485</u>
15.3 Waste Water Treatment Plant		
Balance as at beginning of the year	50,044,015	-
Additions	-	50,044,015
Transfer to property, plant and equipment	(50,044,015)	-
Balance as at end of the year	<u>-</u>	<u>50,044,015</u>
15.4 ENA Tank		
Balance as at beginning of the year	3,215,543	-
Additions	-	3,215,543
Transfer to property, plant and equipment	(3,215,543)	-
Balance as at end of the year	<u>-</u>	<u>3,215,543</u>
15.5 Siyambaladuwa Buying Station		
Balance as at beginning of the year	854,044	-
Additions	-	854,044
Transfer to property, plant and equipment	(854,044)	-
Balance as at end of the year	<u>-</u>	<u>854,044</u>
	<u>3,138,361</u>	<u>110,171,565</u>

GAL OYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 Intangible assets			
	Balance as at 1 st April 2019	Additions	Balance as at 31 st March 2020
Cost	7,652,384	49,680	7,702,064
Computer software	7,652,384	49,680	7,702,064
	Balance as at 1 st April 2019	Amortisation	Balance as at 31 st March 2020
Accumulated amortisation			
Computer software	(5,022,415)	(836,422)	(5,858,837)
	(5,022,415)	(836,422)	(5,858,837)
Carrying value	2,629,969		1,843,227
16.1 Fully depreciated Intangible assets			
The management is planning to replace with a new ERP system soon.			
<i>As at 31st March</i>			
		2020	2019
		<u>Rs.</u>	<u>Rs.</u>
Computer software		4,324,676	4,154,951
Total		4,324,676	4,154,951
		2020	2019
		<u>Rs.</u>	<u>Rs.</u>
<i>As at 31st March,</i>			
17 Loans given to farmers		567,952,504	485,648,710
Less: Impairment		(27,494,116)	(69,635,106)
		540,458,388	416,013,604
Amount fall due with in one year		341,157,358	287,704,611
Amount fall due after one year		226,795,146	197,944,099
Less: Impairment		(27,494,116)	(69,635,106)
		199,301,030	128,308,993
		540,458,388	416,013,604
18 Biological asset			
Nursery and standing cane stock		22,873,048	14,508,709
		22,873,048	14,508,709
19 Inventories			
Raw materials		12,707,022	22,243,501
Finished goods - Sugar		167,204,313	66,203,200
- ENA		341,266,217	413,220,915
- Bio Compost		3,040,250	2,838,055
Molasses		95,698,588	314,470,138
Raw Material Commercial cane		-	4,344,950
Spares and consumables		139,599,107	90,236,650
		759,515,497	913,557,408
20 Trade and other receivable			
Trade receivables (Note 20.1)		12,140,220	622,095
Other receivables (Note 20.2)		84,399,082	82,177,133
		96,539,302	82,799,228
20.1 Trade receivable			
National water supply and drainage board		79,045	79,045
Employee Welfare & Death Donation Society		440,600	527,000
Watawala Dairy LTD		-	16,050
Smallholder Tea and Rubber Revitalization (STARR) Project		11,620,574	-
		12,140,220	622,095
20.2 Other receivable			
Advances		35,366,373	38,861,897
Prepayments		9,413,100	5,880,012
Farmer loan clearing-fertilizer and chemical		39,619,608	37,435,224
		84,399,082	82,177,133

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

<i>As at 31st March,</i>		2020	2019
		<u>Rs.</u>	<u>Rs.</u>
21	Amounts due from related parties		
	Gal Oya Holdings (Private) Limited	15,873,623	15,545,850
	Less: Impairment for related party receivables	<u>(12,392,179)</u>	<u>(12,392,179)</u>
		<u>3,481,444</u>	<u>3,153,670</u>
22	Cash and cash equivalents		
22.1	Favourable cash and cash equivalents		
	Cash in hand	226,001	578,913
	Cash at bank	<u>50,407,695</u>	<u>28,018,436</u>
		<u>50,633,696</u>	<u>28,597,348</u>
22.2	Unfavourable cash and cash equivalents		
	Bank overdraft	<u>(62,844,095)</u>	<u>(237,851,553)</u>
		<u>(12,210,399)</u>	<u>(209,254,205)</u>
23	Stated capital		
	Issued and fully paid	% Holding	No of shares
	Ordinary shares		Amount
	Government of Sri Lanka	51%	51,600,000
	LOLC Holdings PLC	27%	27,267,058
	Brown and Company PLC	22%	22,309,412
	Other shareholders	0%	3
	Total		<u>101,176,473</u>
			<u>1,011,764,730</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

<i>As at 31st March,</i>		2020	2019
		<u>Rs.</u>	<u>Rs.</u>
24	Retirement benefit obligations		
	Present value of unfunded gratuity	<u>56,684,818</u>	50,727,388
	Total present value of the obligation.	<u>56,684,818</u>	<u>50,727,388</u>
	Movement in the present value of the defined benefit obligations		
	Balance at the beginning of the year	50,727,388	39,401,774
	Current service cost	7,659,417	7,051,943
	Interest cost	5,580,013	4,334,195
	Actuarial (gains) / losses	520,104	3,430,246
	Benefit paid	<u>(7,802,103)</u>	<u>(3,490,770)</u>
	Balance at the end of the year.	<u>56,684,818</u>	<u>50,727,388</u>
	Expense recognised in the statement of profit or loss		
	Current service cost	7,659,417	7,051,943
	Interest on obligation	<u>5,580,013</u>	<u>4,334,195</u>
		<u>13,239,429</u>	<u>11,386,138</u>
	Expense recognised in the other comprehensive income		
	Actuarial (gains) / losses	<u>520,104</u>	3,430,246
		<u>520,104</u>	<u>3,430,246</u>

As at 31st March 2020 the gratuity liability was actuarial valued under the projected unit credit method by a professionally qualified actuary messers Actuarial & Management consultants (Private) Limited. The required accounting provision of the Company as at 31st March 2020, has been determined on the recommendation on this report. Following key assumptions were made arriving at the above figures.

<i>As at 31st March,</i>	2020	2019
(i)Rate of discount	10.50%	11%
(ii)Salary increment rate		
Executive staff	8%	9%
Non executive staff	8%	9%
(iii)Retirement age	55 years	55 years

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(Note no. 24 continued.)

Sensitivity analysis

Variable changed (while all other assumptions remain unchanged)	Present value of defined benefit obligation (Rs.)
One percentage point increase (+1%) in discount rate	54,442,183
One percentage point decrease (-1%) in discount rate	59,145,703
One percentage point increase (+1%) in salary escalation rate	59,321,069
One percentage point decrease (-1%) in salary escalation rate	54,245,736

As at 31st March,

	2020 Rs.	2019 Rs.
25 Interest bearing loans and borrowings		
From related parties (note 25.1)	6,092,272,225	5,345,817,373
From non related parties (note 25.2)	1,649,240,000	1,757,600,000
Farmer loan reimbursement (note 25.3)	531,405,061	297,396,844
	8,272,917,286	7,400,814,217
Movement of interest bearing loans and borrowings		
<i>From related parties</i>		
Balance as at the beginning of the year	5,345,817,374	4,809,008,500
Loans obtained during the year	1,510,609,290	1,059,000,000
Repayment during the year	(764,154,439)	(522,191,126)
Balance as at the end of the year	6,092,272,225	5,345,817,374
<i>From non related parties</i>		
Balance as at the beginning of the year	1,757,600,000	1,685,000,032
Loans obtained during the year	450,000,000	200,000,000
Repayment during the year	(558,360,000)	(127,400,032)
Balance as at the end of the year	1,649,240,000	1,757,600,000
<i>Farmer loan reimbursement</i>		
Balance as at the beginning of the year	297,396,844	57,052,770
Loans obtained during the year	636,455,617	280,320,000
Repayment during the year	(402,447,400)	(39,975,927)
Balance as at the end of the year	531,405,061	297,396,844

The information about repayment period, type of facility, interest rates and security pledge are disclosure in the next page (Note 25.1)

As at 31st March,

	2020 Rs.	2019 Rs.
26 Finance lease obligations		
Balance at the beginning of the year	243,161,489	322,673,213
Lease obtained during the year	-	-
	243,161,489	322,673,213
Total repayment made	(73,664,086)	(79,511,724)
	169,497,403	243,161,489
Less : interest in suspense	(39,242,514)	(73,611,646)
Net lease obligation	130,254,889	169,549,843
<i>Payable with in one year</i>	70,669,841	39,294,950
<i>Payable after one year</i>	59,585,048	130,254,893
	130,254,889	169,549,843
27 Trade and other payables		
Trade payables	56,562,981	68,188,112
Other payable (Note 27.1)	754,233,677	312,298,073
	810,796,658	380,486,185
27.1 Other payable		
Other payable	30,891,184	28,672,600
Interest payables	408,264,024	128,199,886
Accrued expenses	315,043,634	143,280,054
Value Added Tax payable	-	988,850
Nations Building Tax payable	-	8,694,512
ESC Payable	-	2,462,171
WHT Payable	34,835	-
	754,233,677	312,298,073
28 Amount due to related parties		
LOLC Holdings PLC	243,956,959	194,124,508
Browns & Company PLC	376,897,476	354,794,133
Commercial Leasing & Finance PLC	3,227,397	7,733,595
LOLC Finance PLC	7,485,311	10,034,750
LOLC Factors Ltd	1,174,136,190	1,137,143,556
Rahul Capital (Pvt) Ltd	226,416,674	113,208,337
	2,032,120,008	1,817,038,879

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

25.1 From related parties	Repayment period	Type of facility	Interest rate	Security pledged	31st March 2020	31st March 2019
					Rs.	Rs.
LOLC Holdings PLC	60 Months	Initial loan	18%	N/A	244,709,070	233,683,917
LOLC Holdings PLC	36 Months	Short term loan	21%	N/A	627,000,000	692,000,000
Brown & Company PLC	60 Months	Initial loan	18%	N/A	335,877,555	335,877,555
LOLC Factors Limited	12 Months	Factoring facility	22.50%	Cheque Discounting	1,786,743,855	1,786,743,855
LOLC Factors Limited	60 Months	Short term loan	15%-24%	N/A	1,688,103,970	930,519,832
Commercial Leasing & Finance PLC	36 Months	Short term loan	19%	Molasses Stock	200,000,000	200,000,000
Commercial Leasing & Finance PLC	36 Months	Term loan	19%	Molasses Stock	12,053,386	29,629,869
Commercial Leasing & Finance PLC	36 Months	Term loan	23%	Molasses Stock	7,383,777	26,694,024
Seylan Bank PLC	12 Months	Short term loan	AWPLR+2%	ENA stocks worth of Rs.482 Million	482,000,000	389,000,000
Rahul Capital (Pvt) Ltd	24 Months	Short term loan	19%	N/A	650,000,000	650,000,000
LOLC Finance PLC	60 months	Short term loan	21%	N/A	58,400,612	71,668,321
					6,092,272,225	5,345,817,373
25.2 From non related parties						
Peoples Bank	3 Months	Short term loan	AWPLR + 2.5% p.a	Corporate guarantee from Brown & Company PLC	142,440,000	150,000,000
Peoples Bank	24 Months	Term loan	AWPLR + 2.5% p.a	Corporate guarantee from Brown & Company PLC	6,800,000	107,600,000
Saakya Capital (Pvt) Ltd	24 Months	Short term loan	19%-19.50%	N/A	1,500,000,000	1,500,000,000
					1,649,240,000	1,757,600,000
25.3 Farmer Loan Reimbursement						
Bank of Ceylon	36 months	Short term loan	6.50%	MOU	8,155,944	17,076,844
HNB	12 Months	Short term loan	6.50%	Corporate guarantee from Brown & Company PLC	523,249,117	280,320,000
					531,405,061	297,396,844
					8,272,917,286	7,400,814,217
				Total		
				Payable within one year	1,778,252,573	3,643,102,170
				Payable after one year	6,494,664,713	3,757,712,047
					8,272,917,286	7,400,814,217

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

29 Related party disclosures

(i) Parent and ultimate controlling party

Main shareholder of the Company is the Government of Sri Lanka which owns 51% of ordinary shares as at 31st March 2020.

The Company is an associate of LOLC Holdings PLC and Browns & Company PLC. LOLC Holdings PLC holds 26.95% and Brown & Company PLC holds 22.05% of the ordinary shares as at 31st March 2020.

(ii) Transactions with key management personnel

Key management personnel include all members of the Board of Directors of the Company having authority and responsibility for planning directing and controlling the activities of the Company as well as the subsidiaries, directly or indirectly.

Mr.K.A.K.P.Gunawardana and Mr.W.K.D.T.Abeyrathne, directors of the company and also directors of the Management Company of Gal Oya Holdings (Pvt) Ltd.

Mr.W.K.D.T.Abeyrathne, a director of the company is also a director of the Brown & Company PLC.

Mr.K.A.K.P.Gunawardana, a director of the company is also a director of the LOLC Factors Ltd.

Mr.K.A.K.P.Gunawardana, a director of the company is the CEO & Principal Officer of the LOLC General Insurance Ltd.

(iii) Loans to directors

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

(iv) Key Management of Personal Compensation

No compensation has been paid to the directors at the company

(v) Transaction with related companies

The Company has a related party relationship with its related group companies. The following transactions were carried out with related parties during the year ended 31st March 2020.

30 Related party disclosures are as follows :

Name of Company	Relationship	Nature of business	Nature of transaction	Amount involved	Balance due to / (from) 2020	Balance due to / (from) 2019
Gal Oya Holdings (Pvt) Ltd	Subsidiary of LOLC Group	Management company	Expenses reimbursement	(327,774)	(3,481,444)	(3,153,670)
Brown & Company PLC	Subsidiary of LOLC Group	Conglomerate - Trading & Manufacturing	Interest costs	135,103,343	712,775,031	690,671,688
			Interest paid	(113,000,000)		
			Purchases	24,514,331	13,168,314	19,791,476
			Payment for the Purchase	(31,137,493)		
LOLC Holdings PLC	Holding Entity of LOLC Group	Conglomerate	Interest costs	225,097,927	1,115,666,029	1,119,808,425
			Interest paid	(164,240,323)		
			Loan obtained	260,000,000		
			Loan repayment	(325,000,000)		
Commercial Leasing & Finance PLC	Subsidiary of LOLC Group	Non-Banking Financial Institution	Interest costs	47,359,252	222,664,560	264,057,488
			Lease interest	3,246,069		
			Interest paid	(51,865,450)		
			Lease interest paid	(3,246,069)		
			Loan repayment	(36,886,730)		
LOLC Factors Limited	Subsidiary of LOLC Group	Factoring	Interest costs	1,079,602,118	4,648,984,015	3,854,407,243
			Interest costs capitalised	757,584,137		
			Interest paid/transfer to capital	(1,042,609,484)		
LOLC Finance PLC	Subsidiary of LOLC Group	Non-Banking Financial Institution	Interest costs	13,749,371	65,885,923	81,703,071
			Interest paid	(14,570,405)		
			Loan repayment	(13,267,709)		
			Lease Interest	29,394,658		
			Lease Interest Paid	(31,123,063)		
Seylan Bank PLC	Associate of LOLC Group	Commercial Bank	Interest costs	49,169,194	482,000,000	389,000,000
			Interest paid	(49,169,194)		
			Loan obtained	482,000,000		
			Loan repayment	(389,000,000)		
Rahul Capital (Pvt) Ltd	KMP	Investment company	Interest costs	123,500,004	876,416,674	763,208,337
			Interest paid	(10,291,667)		
LOLC General Insurance Ltd	Subsidiary of LOLC Group	General Insurance	Services	9,002,691	49,002	1,598
			Payment for the Services	(8,955,287)		

31 Capital commitments

The following commitments for capital expenditure approved by the directors as at 31st March have not been provided for in the financial statements.

As at 31st March,

Approximate amount approved but not contracted for.

Approximate amount contracted for but not incurred

	2020 U.S.Dollars	2019 U.S.Dollars
Approximate amount approved but not contracted for.	-	-
Approximate amount contracted for but not incurred	2,241	114,114

The above includes commitments for the construction of ENA plant with Naran Lala Private Limited (India) .

32 Contingent liabilities

There were no material contingent liabilities outstanding at the reporting date that require disclosure.

33 Litigations or claims

There were no material litigation and claims against the Company which require disclosure in the financial statements.

34 Comparative figures

Comparative information have been restated and reclassified wherever necessary to confirm to the current year's presentation and classification.

35 Director's responsibility

The Board of Directors is responsible for the presentation of the financial statements in accordance with Sri Lanka Accounting Standards.

36 Events after the reporting period

No circumstances have arisen since the reporting date which would require adjustments to or disclosure in the financial statements.

37 Coronavirus (covid 19) - pandemic

Due to COVID-19 outbreak, the Country faced Island wide curfew imposed from 20th March 2020. However, the company manage to run the operations without major impact to the operations.

GAL OYA PLANTATIONS (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS

38 Financial instruments

Carrying amounts and fair values of financial instruments

Fair value of financial assets and financial liabilities, together with carrying amount in the Statement of financial position, are as follows;

Note	Designated at fair value	Loans and receivables	Other financial liabilities	Non financial instruments	Total carrying amount	Fair value		
						Level 1	Level 2	Level 3
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31st March 2020								
Financial assets measured at fair value								
Financial assets not measured at fair value								
20.1	-	12,140,220	-	-	12,140,220	-	-	-
20.2	-	84,399,082	-	-	84,399,082	-	-	-
17	-	540,458,388	-	-	540,458,388	-	-	-
21	-	3,481,444	-	-	3,481,444	-	-	-
22.1	-	50,633,696	-	-	50,633,696	-	-	-
	-	691,112,829	-	-	691,112,829	-	-	-
Financial liabilities not measured at fair value								
28	-	-	2,032,120,008	-	2,032,120,008	-	-	-
27	-	-	495,753,024	315,043,634	810,796,658	-	-	-
22.2	-	-	62,844,095	-	62,844,095	-	-	-
25	-	-	8,272,917,286	-	8,272,917,286	-	-	-
26	-	-	130,254,889	-	130,254,889	-	-	-
	-	-	10,993,889,301	315,043,634	11,308,932,935	-	-	-
As at 31st March 2019								
Financial assets measured at fair value								
Financial assets not measured at fair value								
20.1	-	622,095	-	-	622,095	-	-	-
20.2	-	82,177,133	-	-	82,177,133	-	-	-
17	-	416,013,604	-	-	416,013,604	-	-	-
21	-	3,153,670	-	-	3,153,670	-	-	-
22.1	-	28,597,348	-	-	28,597,348	-	-	-
	-	530,563,850	-	-	530,563,850	-	-	-
Financial liabilities not measured at fair value								
28	-	-	1,817,038,879	-	1,817,038,879	-	-	-
27	-	-	237,206,131	143,280,054	380,486,185	-	-	-
22.2	-	-	237,851,553	-	237,851,553	-	-	-
25	-	-	7,400,814,217	-	7,400,814,217	-	-	-
26	-	-	169,549,843	-	169,549,843	-	-	-
	-	-	9,862,460,624	143,280,054	10,005,740,678	-	-	-

GAL OYA PLANTATIONS (PRIVATE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

39 Financial risk management

Overview

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

39.1 Credit risk

39.2 Liquidity risk

39.3 Market risk

39.4 Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. All board committees have both executive and non-executive members and report regularly to the board of directors on their activities.

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

39.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligation and arises principally from the company's receivables from customers and investments.

The Company maximum exposure to credit risk on trade receivables as at the year-end based on the carrying value in the Statement of financial position is given below .

	Carrying value	
	31/03/2020	31/03/2019
Trade receivable	12,140,220	622,095
Advances	35,366,373	38,861,897
Prepayments	9,413,100	5,880,012
Farmer loan clearing account	39,619,608	37,435,224
Cash at bank	50,407,695	28,018,436
Cash in hand	226,001	578,913

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management of credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics and characteristics of the customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

In monitoring customer credit risk customers are grouped according to their business volumes and consider separately for granting credit limits. Based on the volume of the transaction and based on the relationship, the customers are ranked. For the customers who identified as "High risks customers", sales are made once they made an advance or full payment.

The company has established a credit policy under which each new customer is analyzed individually for credit worthiness. Credit limits are established for each customer and these limits are reviewed frequently.

The following steps also taken to reduce the credit risk.

- 1) Outstanding credits are followed up on a daily basis
- 2) Opting for legal action for customers defaulting settlements.

Impairment

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding.

39.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company continuously prepares and monitors rolling cash flow forecasts to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

39.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to changes in the market interest rates.

In order to reduce the interest rate risk, the company implements the following strategies.

- 1) Company debt has been structured through fixed interest rates in order to manage the volatility in the market.
- 2) Work towards the low gearing ratio.
- 3) Internal funding sources rather than the external funding sources.
- 2) Proper mechanism to monitor the fluctuations in interest rates.

39.4 Operational risk

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

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

- 1) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- 2) Requirements for the reconciliation and monitoring of transactions;
- 3) Compliance with regulatory and other legal requirements;
- 4) Documentation of controls and procedures;
- 5) Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- 6) Requirements for the reporting of operational losses and proposed remedial action;
- 7) Development of contingency plans;
- 7) Training and professional development; and
- 8) Ethical and business standards

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at Marcopolo, Excel World, No.338, T.B. Jayah Mawatha, Colombo 10 on 30th September 2022 at 6.30 pm.

The business to be brought before the meeting will be:

1. To receive and consider the Report of the Directors and Statement of Accounts and the Balance Sheet of the Company for the Financial Year ended 31st March 2020 with the Auditors' Report thereon.
2. To re-appoint the Auditor General's Department as the Auditors of the Company for the ensuing year.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To authorize the Directors to determine the Donations for the ensuing year.

By Order of the Bard

L O L C Corporate Services (Pvt) Ltd
Secretaries
Colombo.

Notes

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote in his stead.
2. A proxy need not be a member of the Company. A Form of Proxy is found at the end of this Report.
3. The instrument appointing such a proxy must be deposited at No.34, Sir Mohamed Macan Markar Mawatha, Colombo 3, not less than 48 hours before the time appointed for the holding of the meeting.

Form of Proxy

GAL OYA PLANTATIONS (PVT) LTD - Reg. No. PV 7601

I/We.....of.....
.....being a member/members of the above named Company

hereby appoint,

G. Dissanayake	or failing him
K.A.K.P. Gunawardena	or failing him
D. Abeyrathne	or failing him
W. Batagoda	or failing him
Dr. A.S. Dissanayake	or failing him
Ms. M.D. K.Rathnayake	or failing her
S.H.S. Senewirathne	or failing him
T.A.C.P. Thewarapperuma	or failing him

Mr/ Mrs/Miss.....
of.....

as my/our proxy to represent me/us and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the(.....) day of 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed this.....day of2022

.....
Signature/s

Please provide the following details :

Shareholder's NIC No.

Share Certificate No.

No. of shares held

Proxy holder's NIC No.

(if not a Director of this Company)

Notes:

1. The full name and the registered address of the shareholder appointing the proxy should be legibly entered in the form of proxy.
2. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration, if such Power of Attorney has not been registered with the company.
3. In the case of a company/corporation, the proxy must be under its Common Seal or signed by a duly authorized officer of the company/corporation in accordance with its Articles of Association.
4. In the case of joint-holders, the senior should sign this form. Seniority shall be determined by the order in which names stand in the Register of Members in respect of the joint holding.
5. Every alteration or addition to the form of proxy must be duly authenticated by the full signature of the person signing on the form of proxy.
6. To be valid the completed Form of Proxy should be deposited with the Secretaries at No. 34, Sir Mohamed Macan Markar Mawatha, Colombo 3, not less than 48 hours before the time appointed for the holding of the meeting.

Corporate Information

GAL OYA PLANTATIONS (PVT) LTD

LEGAL FORM	:	A Private Limited Liability Company incorporated in Sri Lanka on 11 th October 2006	
COMPANY REG.NO.	:	PV 7601	
REGISTERED OFFICE	;	481 T.B. Jayah Mawatha, (Darley Road) Colombo10. Tel.: 011 5063000, Fax: 011 2307380	
DIRECTORS (As at 31st March 2020)	:	K.A.K.P. Gunawardena	- Director
		W.K.D.T Abeyrathne	- Director
		W.Batagoda	- Director
		L.Bandaranayake	- Director
		Mrs.S.Hettiarachchi	- Director
		J.M.U.P.Jayamaha	- Director
		Lt.Col. Ranjith.Ellegala	- Director
AUDITORS	:	Auditor General Auditor General's Department Colombo.	
SECRETARIES	:	L O L C Corproate Services (Pvt) Ltd 100/1, Sri Jayawardenapura Mawatha, Rajagiriya.	



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