

# 2018/19

GALOYA PLANTATIONS PRIVATE LIMITED  
**ANNUAL REPORT**



# PROFILE

Galoya

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.



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## Annual Report



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 environment

# ISION





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

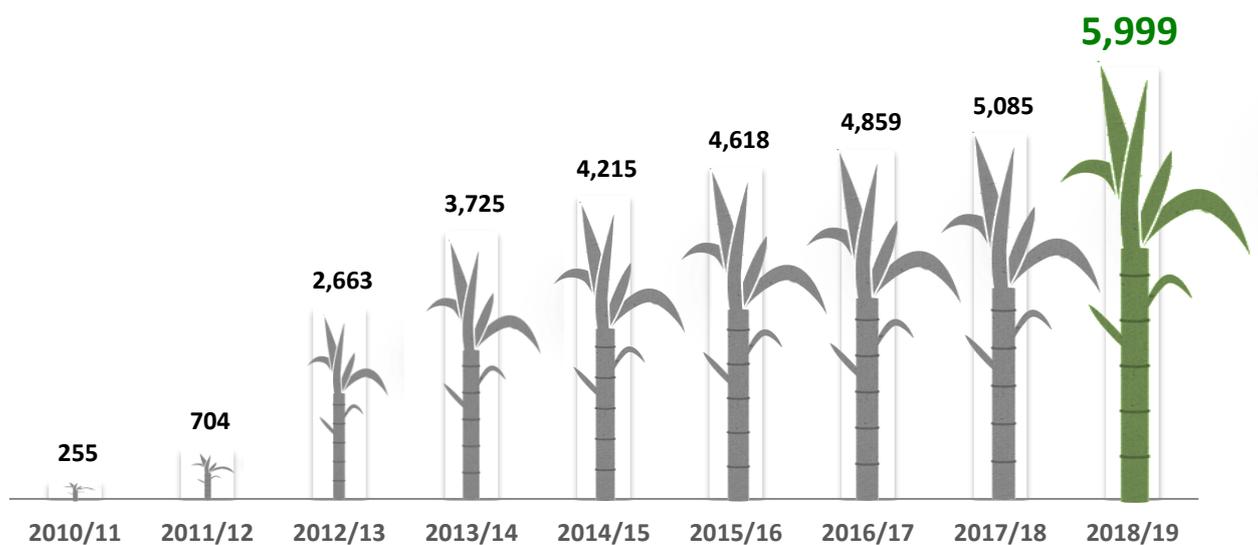
# MISSION



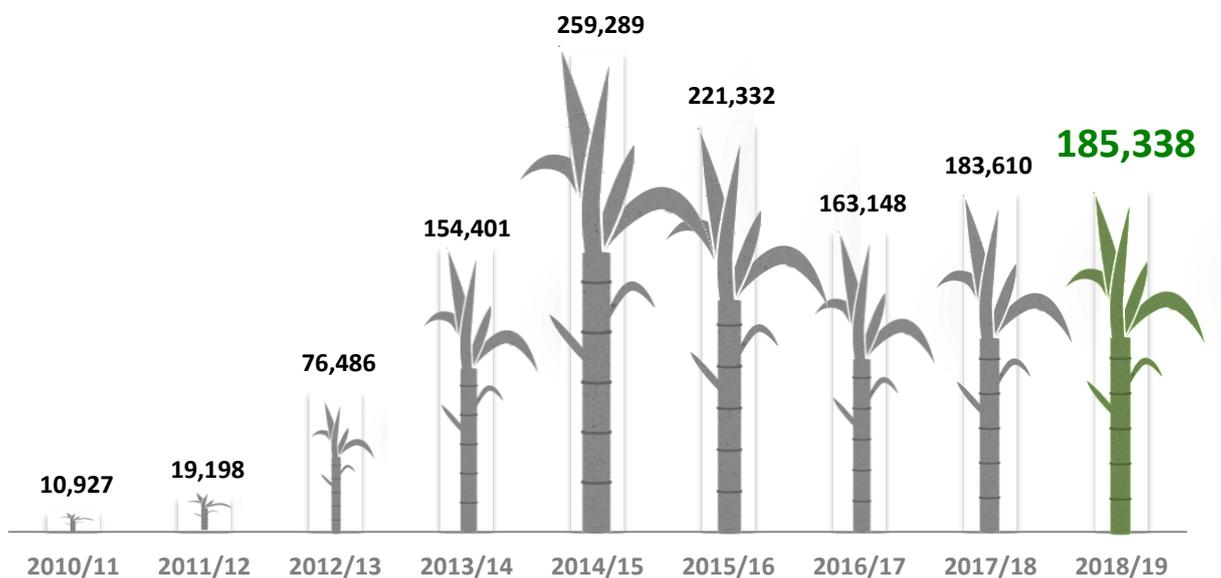
# KEY HIGHLIGHTS

Galoya

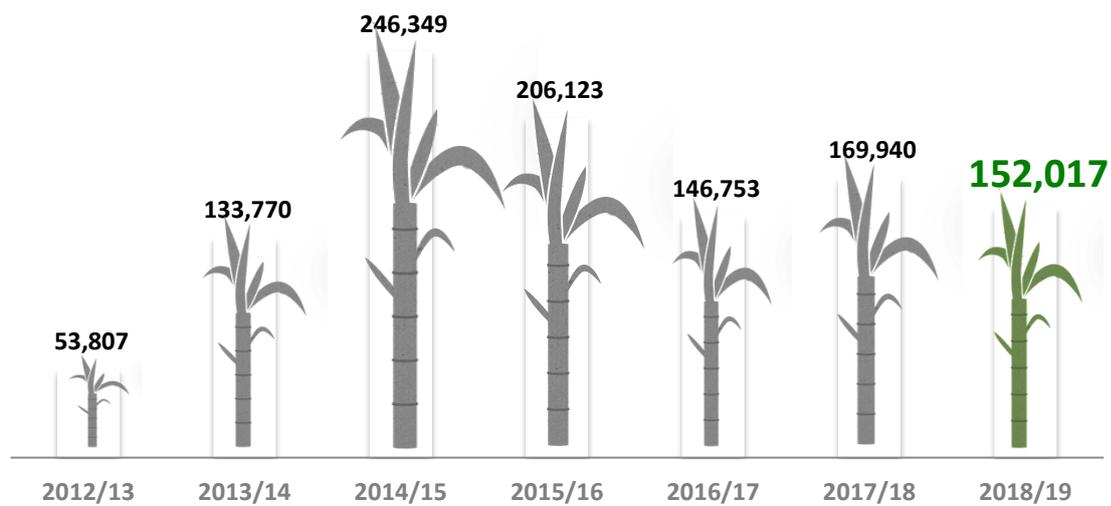
## CULTIVATION EXTENT WITH AGRONOMY (HA)



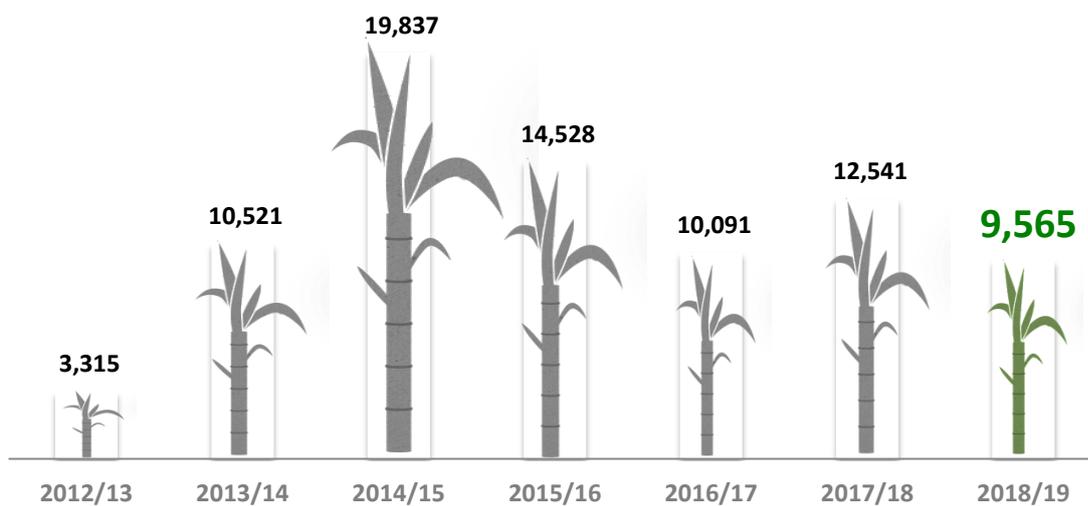
## CANE HARVEST (MT)



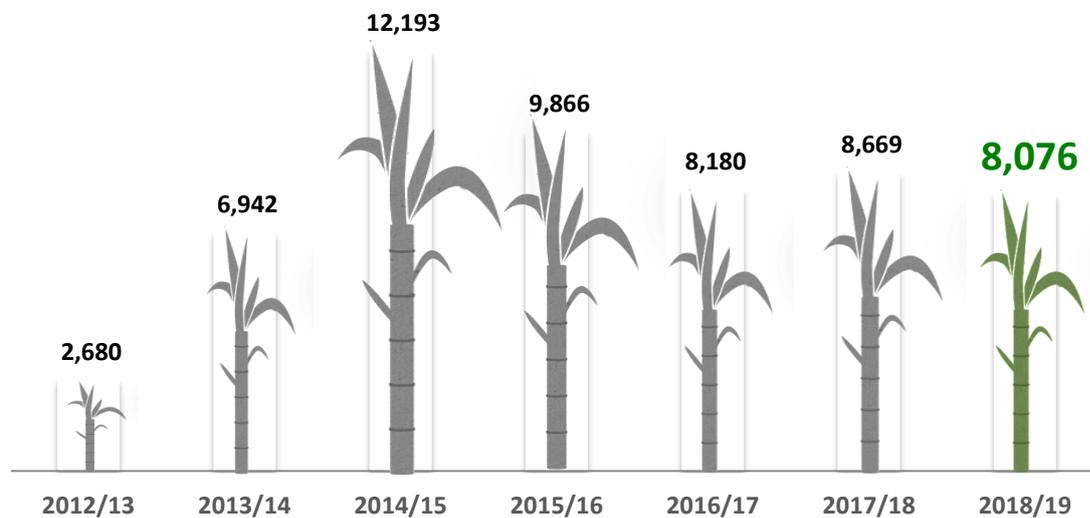
## CANE CRUSHED (MT)



## SUGAR PRODUCTION (MT)



## MOLASSES PRODUCTION (MT)





# EXECUTIVE DIRECTOR'S STATEMENT

Galoya

**Danesh Abeyrathne**  
Executive Director  
Galoya Plantations (Pvt) Ltd

I am pleased to report on the performance of Galoya Plantations Private Limited for the financial year ended 31<sup>st</sup> March 2019.

The sugar factory in Hingurana Galoya valley was known in the 60's as "The Giant of Asia". The factory, which was built as one of the largest sugar factories in the region with modern machinery, was opened in 1960. However, due to the mismanagement, labour and union issues, it folded up operations in 1993. Then the government took over the property until a new investor was found to re-state the property. Galoya Plantations was formed in year 2007 as a joint venture between the Government of Sri Lanka (GOSL) and the consortium, where 51% of the ownership retains with the Government of Sri Lanka and 49% of the ownership to the consortium consists with Brown and Company PLC (BCL) and LOLC for the revitalization of this abandoned sugar factory.

Once the Galoya Plantations was formed, it was an uphill battle to reinstate the Hingurana Sugar Factory to its former glory. By the time we restored operations, many of the employees and farmers who had previously engaged in sugar cultivation and production had abandoned hope due to various issues they had experienced in the past. Therefore, initially, great efforts and investments were made toward creating awareness among them by of door- to-door campaigns, group discussion, meetings etc to restore their faith and confidence once more.

As at 31<sup>st</sup> March 2019, Galoya Plantations has invested Rs. 9.598 billion towards the resuscitation of the Hingurana Sugar Factory. The Year's turnover has increased to Rs. 2,023 mn from the previous Rs.1,243 mn in 2017/18. The products of Galoya Plantations currently consists with Sugar (2,000 Tons per day), ENA (21,500 Lts per day), Bio Fertilizer and 2 MW of Electricity for own consumption.

The company further hopes to invest towards the increase of sugarcane crushing capacity by 25% with sugar factory modifications, increase the power generation from 2 MW to 10 MW, capturing CO<sub>2</sub> for commercial purpose from distillery and liquor bottling in following years and these are currently in the pipeline.

Galoya Plantations has already created direct and indirect employment opportunities in areas such as Ampara, Siyambalanduwa etc., where there the poverty is of a high degree. More than 1,000 direct employments and more than 18,000 indirect employment opportunities have been already created. 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. The best example for that is, the shops which used to close early are now open for business until very late in the night.

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.

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  
Galoya Plantations (Pvt) Ltd.**

# CHIEF OPERATING OFFICER'S STATEMENT

Galoya

**Surath Perera**  
**Chief Operating Officer**  
**Galoya Plantations (Pvt) Ltd**

I am pleased to report on the performance of Galoya Plantations Private Limited for the financial year ended on 31<sup>st</sup> March 2019.

At the end of this financial year, the total area under sugarcane reached to 5.999 ha which is the highest sugarcane area reported ever. Lands of sugarcane belongs to our company extend over major zones namely Varipathanchena, Galmaduwa, Hingurana, Neeththa, Deegawapiya and out grower areas in Ampara and Siyambalanduwa. Over the year 2018/2019 we executed the best planting programme of 3380 ha. Further, the highest amount of seed cane harvested in a financial year was reported during this period as 32,422 MT.

During the season of 2018/19 commercial cane of 152,915 MT has been harvested from our cane cultivated fields. Based on the cane supply, company produced 9,565 MT sugar and 8,076 MT of molasses at the renderment of 6.74. In addition, we produced 4,284,325 liters of ENA from the molasses produced in this year and the ex-stock of last year. But we produced only 1,700 MT of Bio Compost for the period due to non-activation of compost sales.

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 2 MW to 10 MW, capturing CO<sub>2</sub> for commercial purpose from distillery, production of hand sanitizer and liquor bottling are future projects which have positive long-term impact that will bring improvement in future

Galoya Plantations has already created direct and indirect employment opportunities in Ampara district specially Hingurana area. We have provided 936 direct employments at the end of the financial year and created more than 18,000 indirect employment opportunities at present. We have planned to increase the number of direct employments gradually up to 1,500 and indirect employment opportunities to 25,000 with the commencement of all the planned projects. This will support to uplift livelihoods of the community with new revenue streams. We have witnessed a considerable development during the past few years in the area where the factory is located.

The sugar production in year 2018/19 was below the target that we projected, due to various reasons especially sugarcane diseases, unexpected flooding, heavy drought condition causing drop of yield. Further, the recoverable sugar in cane dropped during this year mainly due to bad weather conditions, pest and disease. We achieved 86% of the ENA production out of 5,000,000 Liters target for the financial year by operating 205 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.

Sugar industry is an agriculture industry which mainly depends on the external factors such as weather, diseases and government policies. These factors are varying time to time, ensuing favorable and unfavorable situations to the industry. Some of the main problems of the sugar sector are low levels of productivity, mill/distillery capacity utilization and scale of operation, scarcity of labour, an absence of a proper pricing mechanism for sugar and its by-products, border measures for the protection of the industry and a proper legislative and institutional framework. Shortage of fertilizer and weedicides in certain duration due to new regulations of the Government had also affected the cane yield. Government has banned some weedicides and limited the import of fertilizer, but no alternatives were recommended for chemicals and shortage of fertilizers in open market. Lack of water supply and water lodging in some lands, poor ratoon management by some farmers resulted the drop of yield in some fields even we did the timely harvest.

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.

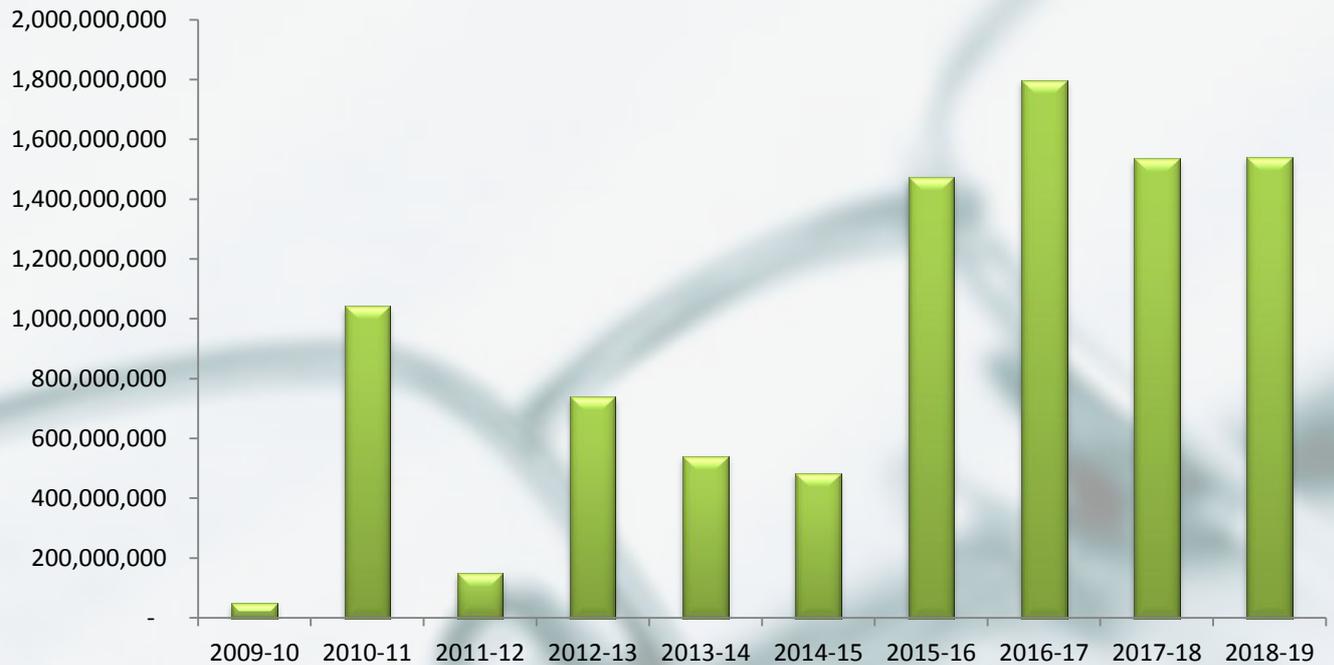
**I wish to thank the Government of Sri Lanka, Ministries, Treasury, Politicians and Government Officials, LOLC and Browns Management, Chairman and Board of Directors for continuous support throughout the period. Let me extend my sincere thanks to our valuable farmers, farmer society leaders, dedicated 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**  
**Galoya Plantations (Pvt) Ltd.**  
**24.07.2020**

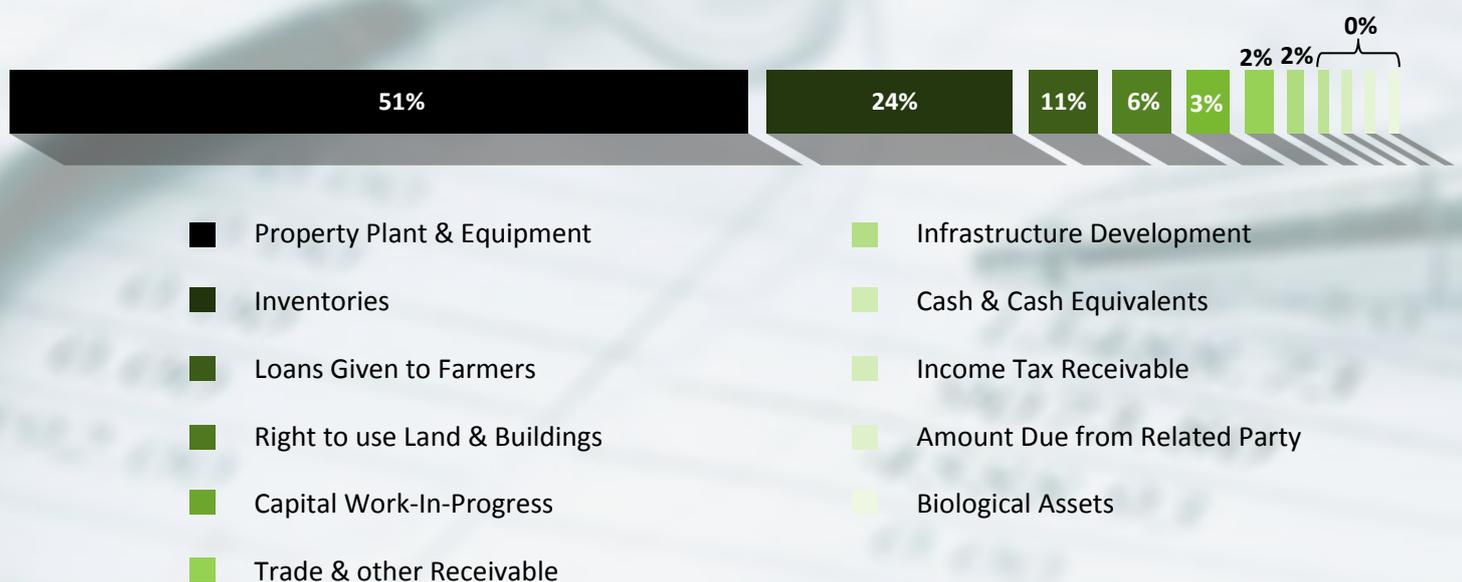
# FINANCIAL HIGHLIGHTS

Galoya

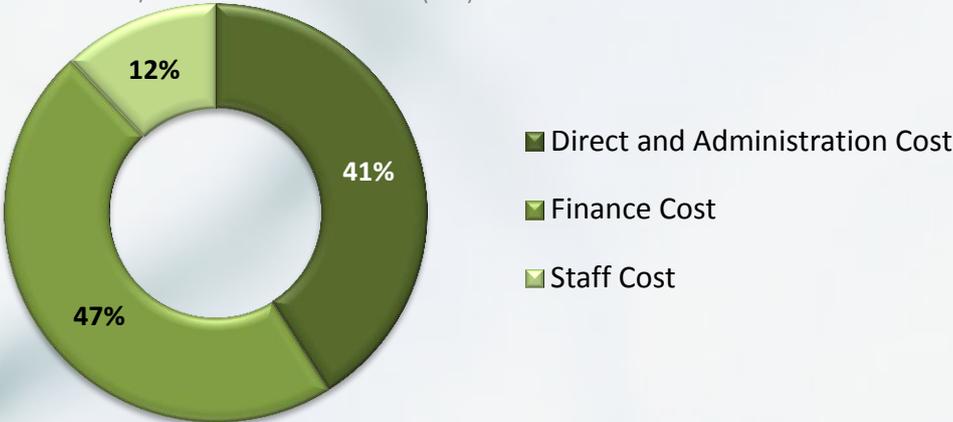
## Borrowing of the Company



## Total Assets of the Company



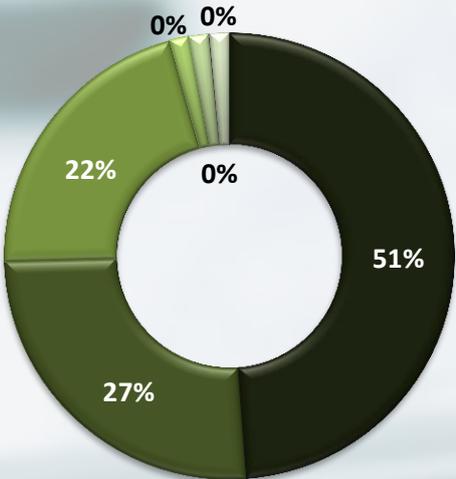
# Cost and Expenses 2018/19



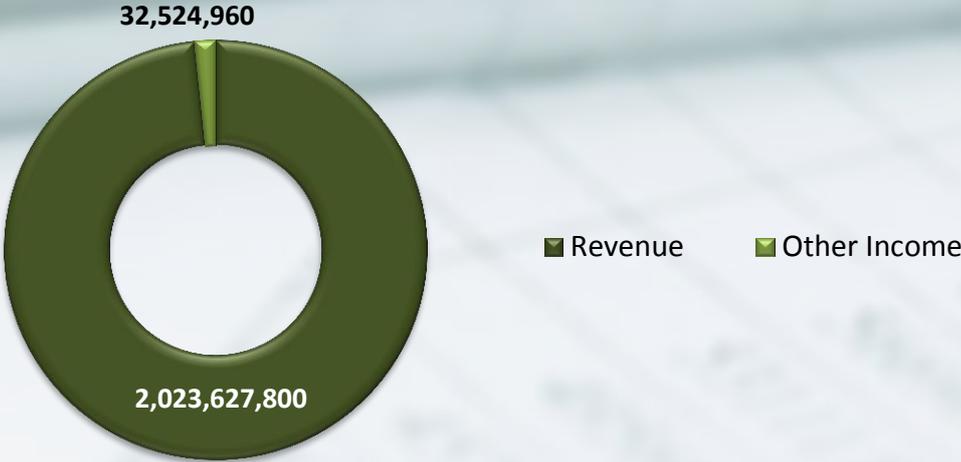
# Shareholdings of the Company

10

- Democratic Republic of Sri Lanka
- Lanka Orix Leasing Company PLC
- Browns & Company PLC
- Galoya Holdings Private Limited
- Ajith Lasantha Dewasundara
- Ishara Chinthaka Nanayakkara



# Revenue & Other Incomes



# SHAREHOLDER'S INVESTMENT

Galoya



## Lanka Orix Leasing Company 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. Our 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, our 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.



## 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 135 years in business, to deliver quality in products and services to Sri Lankans everywhere.

The group works several leading global brands including: Austrian Airlines, BG, Continental Airlines, Eclipse, Exide Batteries, Intervet, Oce, Olympus, Sharp, Eukanuba, Tafe, Zagro, Yanmar Marine Engines, Ashok Leyland Marine, Pitney Bowes, Scandinavian Airlines, Makita, Maktec, F. G. Wilson, Yamashita, Daelim Royal Boiler Co, MFG, Sifang, and Massey Ferguson to name a few. BCL is already known for their household name across the Island.

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



## **Keerthi B. Kotagama - Chairman**

Keerthi Bandara Kotagama - B.Sc (Agric.) Sp, MBA (Finance & Management of Technology) AIT

Keerthi Bandara Kotagama is a professional Executive in the Agriculture & Business Management fields. He obtained his BSc in Agriculture (Hons) from the University of Peradeniya, Sri Lanka and Master of Business Administration (Finance & Management of Technology) from the Asian Institute of Technology, Thailand. Kotagama has been awarded and recognized for his professional services and contribution by several Local and International Organizations.

## **D.M.L. Bandaranayake - Director**

MSc (Business Management) Victoria University in Australia, M.A. (Sinhala Language), University of Kelaniya B.A. (University of Peradeniya), Diploma in Public Management, SLIDA. Mr. D.M.L. Bandaranayake is the District Secretary, Ampara since 2018. He was the Deputy Chief Secretary, Uva Provincial Council, Additional Secretary to the Ministry of Plantation, Additional Secretary to the Ministry of Coconut Development & Janatha State Development, Divisional Secretary Ella Divisional Secretariat, Director M. D. T. I. Uva Province, Provincial Land Commissioner, Uva Province, Assistant Divisional Secretary, Haputhale Divisional Secretariat, Assistant Secretary to the Ministry of Irrigation, Assistant Director of Education, Ministry of Education, and Teacher .



## **S. Giridaran - Director**

Mr. S. Giridaran is a leading professional in the public sector. He is an Additional Director General at the Department of Information Technology Management of the Secretariat, Ministry of Finance. He has gained more than 24 years of experience in Sri Lanka Administrative Services. Being a product of St. Micheal's College, Batticaloa, Mr. S. Giridaran holds a Masters in Public Administration from the Post Graduate Institute of Management, Sri Jayawardanapura and a BSc from the Eastern University of Sri Lanka. Mr. Seenivasan is also affiliated with social activities such as being the Charter President of Rotary Club of Batticaloa Heritage.

## **B.M.D. Bandara Basnayake - Director**

Mr. Basnayake is a graduate from the London Metropolitan University in Business Administration and holds an Executive Master of Business Administration from the PIM, Jayewardanapura University. Also he hold a MBA from Honolulu University of USA. He is the Finance Director for Associated Newspapers of Ceylon Ltd and served as an Executive Director in many Private companies. He holds overall experience in managing large enterprises specially in Print Media, Telecommunication, Pharmaceutical and Trading.



## **N.S. Wanasinghe – Director**

MA (Economics) University of Kelaniya, B.Com (Sp) Hons- University of Sri Jayawardhanapura. Presently, Mr. Wanasinghe is the Director (Planning) of Ministry of Plantation Industries since 2015. He was the Director (Planning) of Ministry of Coconut Development and Janatha Estate Development, Deputy Director (Planning) of District Secretariat of Colombo, Assistant Director (Planning) of District Secretariat Matara, Deputy Director of Rajarata Nawodaya Project and Assistant Director of North Central Province Rural Development Project (ADB) since 2002.

# DIRECTORS (as at 31<sup>st</sup> March 2019)

## Galoya

### **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.



### **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 the Executive Director of Galoya Plantations (Pvt) Ltd and Director of Gal-Oya Holdings (Pvt) Ltd. He is also the Group Chief Operating Officer of Brown and Company PLC. He has nearly 10 years experience in managerial level in several leading companies including multinationals. He has worked for foreign projects when he was working for multinationals.

### **R.M.G.K.B. Rathnayake - Director/CEO**

Bachelor of Science (Agri-SL), Master of science (MAKS-Netherlands), Diploma in Land Reform & Rural Development held in Taiwan & Philippines and Watershed Programme with a Special Focus on Drought Prone Areas held in Guwahati, Assam, India. Mr. Gamini Rathnayake is the Director/Chief Executive Officer of Gal-Oya Plantations (Pvt) Ltd and Gal-Oya Holdings (Pvt) Ltd. He has more than 17 years of experience in Agrarian research Sector. He was a former working Director for Sugar Research Institute, Director (Projects) for Ministry of Supplementary Plantation Crops Development, and General Manager for Palmyrah Development Board.



### **Wasantha D. Batagoda - Director**

LL.B (Hons), (Colombo) LL.M (Colombo). Attorney –at – Law, Wasantha Batagoda, is an Attorney at Law, counting 16 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 Deputy General Manager (Legal & Strategic Business).He functions as Head of legal of Brown & Company PLC and Maturata Planation Ltd. In addition to GOPL, He is a director in Ceylon Graphene Limited

### **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.



# SENIOR



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



**A.H.W Madushan**  
Head of HR & Administration



**S.M.S.P. Kumara**  
Chief Manager - Factory



**T.I Wijesinghe**  
Workshop Manager



**K.T.S. Kumara**  
Outgrower Manager

# MANAGEMENT

Galoya



**B. Mayilrajkarthikeyan**  
DGM - Distillery



**M.A.C. Munasinghe**  
Head of Finance



**H.C Gunarathne**  
Senior Accountant



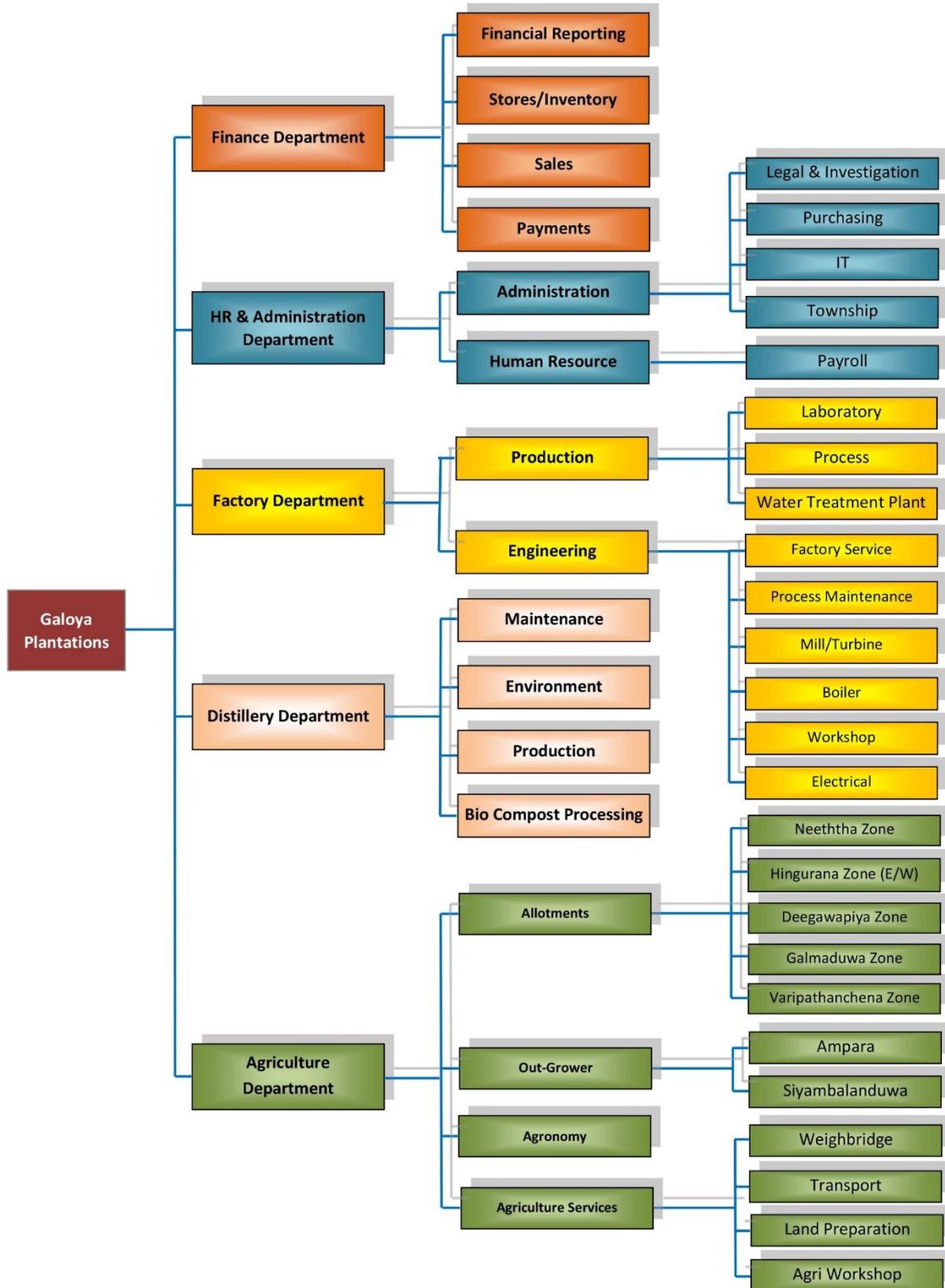
**W.A.N. Chaturanga**  
Manager - Maintenance



**H.M.A. Bandara**  
Plantation Manager

# COMPANY STRUCTURE

Galoya



# CULTIVATION

Galoya

**Outcomes** for Year Ended  
31<sup>st</sup> March 2019

**175,056** MT  
Cane from Plantation

**3,380** ha  
Planting completed

Harvest for  
the 2018/19

**52** MT/ha  
Yielded an average

**10,282** MT  
Cane from Agronomy

**4,625** ha  
Existing cane land area

**290,432** MT  
Cane from Plantation

**Targets**  
for Year Ending  
31<sup>st</sup> March 2020

Increase in  
Total Harvest

**13,655** MT  
Cane from Agronomy

**3,500** ha  
New & Re-planting

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.

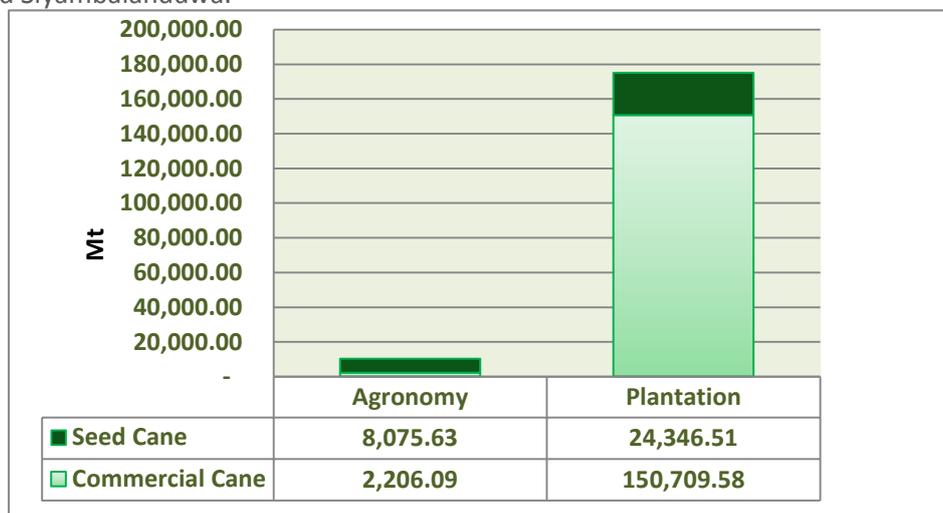
Location	Extent (ha)	Number of Allottees
Varipathanchena	1,067	947
Galmaduwa	1,233	926
Deegawapi	1,034	870
Hingurana	764	697
Neeththa	1,104	1,001
<b>Total</b>	<b>5,202</b>	<b>4,441</b>

### 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 and 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 is for the secondary nursery. In addition to the nursery, contract seed cane farmers also provide seeds in order to full fill the total seed cane requirement.

### Achievement

At the end of the financial year, we have 5,999 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 allottees 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

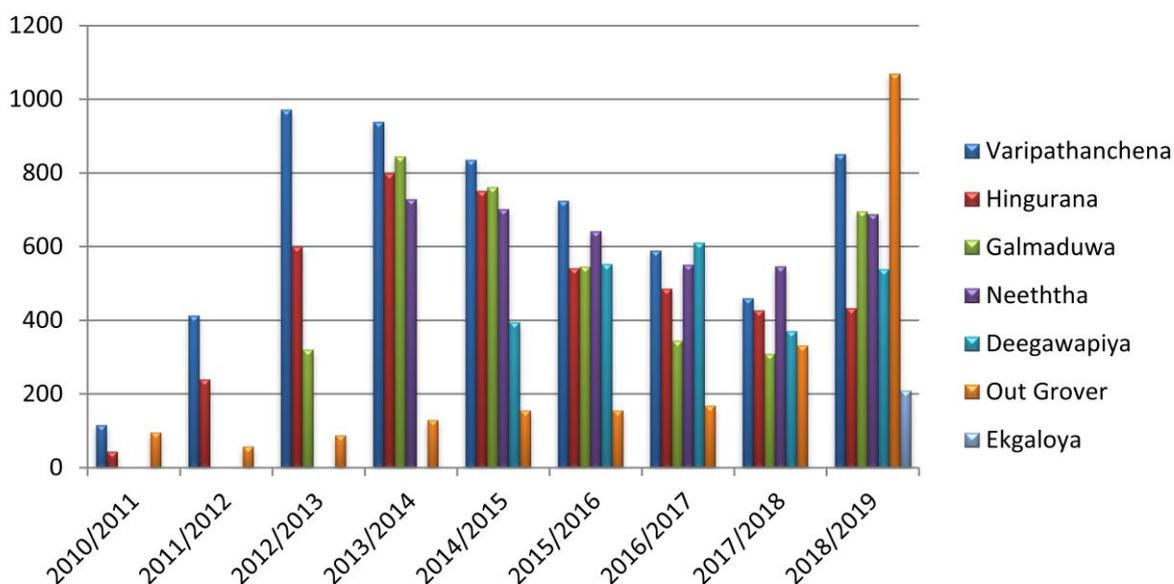
During the season of 2018/19 commercial cane of 152,916 MT has been harvested from our cane cultivated fields and Agronomy fields. In addition to the commercial cane, 32,422.140 MT of seed cane has been harvested during this period. The area under Plantation Department has harvested 150,709.580 MT of commercial Cane and 24,346.510 MT of Seed cane of cane and yield was 52 Mt/ha.

## New Planting for the year 2018/19

New Planting Ares	Extent (ha)
Agronomy	114
Plantation	2397
Out Grower – Ampara	422
Out Grower – Siyambalanduwa	447
<b>Total</b>	<b>3380</b>

## Existing cane area ( Agronomy + Plantation + O/G )

Crop Type	Extent (ha)
Plant Crop	3034
Ratoon-1	1016
Ratoon-2	378
Ratoon-3	91
Ratoon-4	35
Ratoon-5	43
Ratoon-6	24
Ratoon-7	3
Ratoon-8	0
Ratoon-9	1
<b>Total</b>	<b>4625</b>





Harvesting at Galmaduwa Zone



# SUGAR PRODUCTION

Galoya

**Outcomes** for Year Ended  
31<sup>st</sup> March 2019

**152,017** MT  
Total Milled Sugarcane

**9,565** MT  
Sugar Production

**8,076** MT  
Molasses Production

**6.74 %**  
Sugar Recovery (Rendement)

**Targets** for Year Ending  
31<sup>st</sup> March 2020

**262,384** MT  
Sugarcane Crushing

**20,993** MT  
Sugar Production

**13,119** MT  
Molasses Production

**8 %**  
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







**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 doing by using 02 Nos cutters and milling is being doing 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 doing. 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 boundary 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 haven completed and commenced its operation by providing purified water to all company premises form January 2012. The plant has the capacity of 250,000 LPH.



### 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



# DISTILLERY

Galoya

**Outcomes** for Year Ended  
31<sup>st</sup> March 2019

**4,284,325** Lt  
ENA Production

**15,388** MT  
Molasses consumption

**205**  
No of Operating days

**Target** for Year Ending  
31<sup>st</sup> March 2020

**5,000,000** Lt  
ENA Production

**250**  
No of Operating days

**18,184** MT  
Molasses consumption

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, CO<sub>2</sub>, 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.

ENA production is 21,500 Litres of Alcohol/day, 10,000 M<sup>3</sup> Bio gas/day, 5,000Mts/Annum of Bio fertilizer, & 400 KL/day of waste water treatment plant.

### 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 & CO<sub>2</sub>. The fermentation process is being carried out highly engineered fermenter with the help of in house yeast culture (*Saccharomyces cerevisiae*) There are 4 fermentors and 3 Culture vessels involved in the fermentation process.

### 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.



*Pic: Quality assurance at Laboratory*



*Pic: View of Multi Column Distillation*





Distillery Plant Complex

# BIO COMPOST PROCESSING UNIT

Galoya



## 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 5,000 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 In organic 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

Galoya



## 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 Galoya 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
- IT

## Our Employment

There were 936 Employees in our company at the end of the financial year 2018/19 as below categories. In addition, 77 seasonal contract employees were worked during the crushing period

	Permanent	Contract
Executive Staff	51	18
Non-Executive Staff	259	608

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, semiskilled & 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 and Developments

We have organized an in house training program for the officers who are using Human Resource Information System (HRIS).

We have conducted training program of productivity improvement & motivation at Monty Hotel Ampara for all executive staff on 7<sup>th</sup> of July 2018.



Participated for a training program on the role of the HR Manager on employee Misconduct at Main Auditorium of Chartered Institute of Personnel Management (CIPM) of Kandy Centre on 26<sup>th</sup> of March 2019 which Organized by Chartered Institute of Personnel Management.



Three executive officers were participated for a training program on Therapeutic lifestyle change at cinnamon lake side hotel on 21<sup>st</sup> of June which organized by Less is More Group.

The training program on water treatment conducted by NALCO for distillery officers on 11<sup>th</sup> July 2018 at Company Board room.



Participated for a training program on HR Forum Highlights at Main Auditorium of Colombo school of Business of Management on 29<sup>th</sup> of January 2019 which Organized by Department of Public Enterprises and CSBM.

## CSR & Donations

- Donated a Trophy for annual House meet of Hingurana Maha Vidyalaya.
- Donated to “Ekamuthu Death Donation Society – Galmaduwa” to build a new house for poor family.
- Donated to “ Sri Bodhi Rukkarasmaya-Madawalalanda” to Colour wash the temple for “Kathina Cheewara Pujawa”
- Donated Sugar to “Sambodhi Viharaya Damana” for a Dharmadesana Program
- Donated to Hingurana Health Center as a contribution for the Children’s Day Celebration.
- Donated to Damana DS office for Elder’s day celebration.
- Donated to “Sisu Sarana Scholaship Programm” conducted by Bar Association.
- Donated to the Music Event organized by “ Sathsarani Kala Sansadaya” Damana.
- Donated 1000 Clay- lamps to “ Minimuthu Youth Club” Damana.
- Donated to “Dansala “ Organized by Hingurana Youth Club.
- Donated Milk Packets for Blood Donation Campaign Organized by “Sri Bodhirukkarama Vharaya -Madawalalanda.”
- Donated for “Awrudu Ulele” Organized by Hingurana Municipal Merchant Welfare Society.
- Donated for “Awrudu Ulele” Organized by Civil Security Department Ampara Provincial Office.

# FUTURE PROJECTS

Galoya



## Upgrading of Sugar Factory with 10 MW Power Plant

The whole project consists with 5 phases of Sugar, ENA, Bio-Compost, CO<sub>2</sub> 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%.

### CO<sub>2</sub> 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 CO<sub>2</sub> evolved as by product, at present the CO<sub>2</sub> is unutilized. There is an opportunity for capturing of CO<sub>2</sub> 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 CO<sub>2</sub> gas capturing plant comprises of capturing of gas, purification, compressing, chilling & marketing.

The CO<sub>2</sub> Capturing plant will give the additional revenue to the distillery and around 9,000 Kg/day of CO<sub>2</sub> 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 CO<sub>2</sub> 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 31<sup>st</sup> March 2019)

## Galoya

The Directors of Galoya Plantations (Pvt) Ltd have pleasure in presenting to the members their Report and the Audited Financial Statements for the year ended 31<sup>st</sup> March 2019.

### Principal Activities

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

The principal activities of Galoya Plantations (Pvt) Ltd are described in the Executive Director's statement on pages 07 to 08 of this report.

### Review of Business and Future Developments

The Company has planted 3,380 ha of sugarcane as at 31<sup>st</sup> March 2019 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 2018/2019 was Rs. 1,814,145,920.00.

### Taxation

Not liable for income tax for the year of assessment 2018/19, as compared to Rs.4,589,788/- in the previous year.

### 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 31<sup>st</sup> March 2019 is Rs.1,011,764,730/- which consists of 101,176,473 ordinary shares (2017/18 101,176,473 shares)

### Reserves

The total Reserves as at 31<sup>st</sup> March 2019 amounts to Rs. 7,246,742,839/- (negative) as compared with Rs. 5,429,166,673/- in the previous year (accumulated loss).

### 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 31<sup>st</sup> March 2019 are as follows:

- Dr. K B Kotagama	-	Chairman
- K.A.K.P. Gunawardena	-	Director
- R.M.G.B. Rathnayake	-	Director/CEO
- W.K.D.T Abeyrathne	-	Director
- B.M.D.B. Basnayake	-	Director
- W.Batagoda	-	Director
- S.Giridaran	-	Director
- D.M.L.Bandaranayake	-	Director
- N.S.Wanasinghe	-	Director

## Appointment and Resignation of Directors

Mr.N.S.Wanasinghe was appointed as a Director with effect from 26.02.2019 and Mr.D.M.L.Bandaranayake was appointed as a Director with effect from 26.02.2019

Mr.T.Wanigasinghe Director resigned on 13.02.2019 and Mr.M.M.Fouz resigned on 15.02.2019

## 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 31<sup>st</sup> March 2019 are as follows:

S.Giridaran	-	Chairman
B.M.D.Basnayake	-	Member
W.Batagoda	-	Member
N.S.Wanasinghe	-	Member
W.K.D.T.Abeyrathne	-	Member

The following members were appointed to the Audit Committee on 1<sup>st</sup> March 2019:

N. Wanasinghe	-	Member
Danesh 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 47.

## Directors' Shareholdings

None of the Directors held Company shares as at 31<sup>st</sup> March 2019

## Remuneration of Directors

No remuneration were paid to Directors. Refer Note. 29 to the Financial Statements on page 81.

## Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 61-72.

## Annual General Meeting

The Annual General Meeting will be held at. Marcopolo, Excel World, No.338, T.B. Jayah Mawatha, Colombo 10 on 28<sup>th</sup> August 2020 at 6.30 pm. The Notice of the Annual General Meeting is given on page No. 85.

## 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 24.07.2020

# STATEMENT OF DIRECTORS' RESPONSIBILITY

Galoya

The responsibility of the Directors in relation to the Financial Statements for the year ended 31<sup>st</sup> March 2019 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 41 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

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 24.07.2020

# AUDIT COMMITTEE REPORT

Galoya

## 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 31<sup>st</sup> March 2019;

Mr. S.Giridaran - Committee Chairman  
Mr.B.M.D.B Basnayake - Member  
Mr.W.Batagoda - Member  
Mr.W.D.K.T.Abeyrathne- Member  
Mr.N.S.Wanasinghe - 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 19<sup>th</sup> 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 2019/2020, 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 24.07.2020



# ජාතික විගණන කාර්යාලය

## தேசிய கணக்காய்வு அலுவலகம்

### NATIONAL AUDIT OFFICE



මගේ අංකය  
எனது இல. }  
My No. }

පිටපත්/සී/සීසී/01/2018/07  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

2020 ජනවාරි 13 දින

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සීමාසහිත ගල්මය වැව්ලි (පුද්ගලික) සමාගම

සීමාසහිත ගල්මය වැව්ලි (පුද්ගලික) සමාගමේ 2019 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන සහ වෙනත් තෛතික හා නියාමන අවශ්‍යතා පිළිබඳව 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 වන වගන්තිය ප්‍රකාරව විගණකාධිපති වාර්තාව

#### 1. මූල්‍ය ප්‍රකාශන

##### 1.1 තත්ත්වගණනය කළ මතය

සීමාසහිත ගල්මය වැව්ලි (පුද්ගලික) සමාගමේ 2019 මාර්තු 31 දිනට මූල්‍ය තත්ත්ව ප්‍රකාශනය සහ එදිනෙන් අවසන් වර්ෂය සඳහා වූ ලාභ හා අලාභ හා වෙනත් විස්තීර්ණ ආදායම් ප්‍රකාශනය, හිමිකම් වෙනස්වීම් ප්‍රකාශනය සහ එදිනෙන් අවසන් වර්ෂය සඳහා මුදල් ප්‍රවාහ ප්‍රකාශනය සහ මූල්‍ය ප්‍රකාශන වලට අදාළ සටහන්, සාරාංශගත වැදගත් ගිණුම්කරණ ප්‍රතිපත්ති වලින් සමන්විත 2019 මාර්තු 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(1) ව්‍යවස්ථාව සමඟ සංයෝජිතව කියවිය යුතු 2018 අංක 19 දරන ජාතික විගණන පනතේ විධිවිධාන ප්‍රකාරව මාගේ විධානය යටතේ විගණනය කරන ලදී. ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154 (6) ව්‍යවස්ථාව ප්‍රකාරව මාගේ වාර්තාව යථා කාලයේදී පාර්ලිමේන්තුවේ සභාගත කරනු ලැබේ.

මාගේ වාර්තාවේ තත්වගණනය කළ මතය සඳහා පදනම කොටසේ විස්තර කර ඇති කරුණු වලින් වන බලපෑම හැර, සමාගමේ 2019 මාර්තු 31 දිනට මූල්‍ය තත්ත්වය සහ එදිනෙන් අවසන් වර්ෂය සඳහා එහි මූල්‍ය ක්‍රියාකාරිත්වය හා මුදල් ප්‍රවාහ ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිති වලට අනුකූලව සත්‍ය හා සාධාරණ තත්වයක් පිළිබිඹු කරන බව මා දරන්නා වූ මතය වේ.



**1.2 කරුණක් අවධාරණය කිරීම**

මූල්‍ය ප්‍රකාශනවල සටහන් අංක 5 කෙරෙහි ඔබගේ අවධානය යොමු කරන අතර , ඒ අනුව 2019 මාර්තු 31 දිනෙන් අවසන් වන වර්ෂය සඳහා රු. 1,817,576,166ක ශුද්ධ අලාභයක් ලබා තිබීම හා එදිනට සමාගමේ මුළු වත්කම් ඉක්මවා රු. 6,234,978,109ක වගකීම් ප්‍රමාණයක් ඇති හෙයින් සමාගමේ අඛණ්ඩ පැවැත්ම අවිනිශ්චිත වේ.

කෙසේ වෙතත්, කළමනාකාරිත්වය විසින් සැලසුම් සහගත ආයෝජන සහ ක්‍රියාකාරී සැලැස්මක් සකස්කර ඇති අතර එමඟින් අනාගතයේදී ධනාත්මක මුදල් ප්‍රවාහයක් සහ ලාභයක් ජනනය වනු ඇතැයි කළමනාකරණය අපේක්ෂා කරන අතර, සිදුවී ඇති පාඩු පියවා ගැනීම සඳහා අධ්‍යක්ෂ මණ්ඩලය විසින් එම සැලැස්ම අධීක්ෂණය කරනු ලැබේ. ඒ අනුව එතනෝල් බලාගාරය සඳහා ආයෝජනය කිරීම සහ සමාගමේ වතුයාය අපේක්ෂිත ධාරිතා මට්ටමට ළඟාවීම නිසා නිෂ්පාදන මට්ටම ඉහළයාම සහ බලශක්ති උත්පාදනය සඳහා නව ව්‍යාපෘතියක් හඳුන්වාදීම මඟින් අපේක්ෂිත ලාභය සහ ධනාත්මක මුදල් ප්‍රවාහය ජනනය කිරීමට සැලසුම් කර ඇති අතර සමාගම විසින් තීරණ ගැනීමේදී මෙම සැලසුම් මගින් ලාභදායීතාව සහ මුදල් ප්‍රවාහයන්වලට වන බලපෑම පිලිබඳ අවධානය යොමුකර ඇති අතර අධ්‍යක්ෂකවරුන්ගේ අදහස වන්නේ සමාගමේ කටයුතු අඛණ්ඩව ඉදිරියට පවත්වාගෙන යාහැකි බවයි.

**1.3 තත්වගණනය කළ මතය සඳහා පදනම**

(අ) ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිත අංක 16 හි 51 වන ඡේදය අනුව වත්කමක අවශේෂ වටිනාකම හා ජීව කාලය සෑම මුදල් වර්ෂයකම සමාලෝචනය කර පවතින ඇස්තමේන්තු වලින් වෙනස් වන්නේ නම් ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිත අංක 8 අනුව ඇස්තමේන්තු වෙනසක් ලෙස ගිණුම් ගත කල යුතු වුවත් සම්පූර්ණයෙන් ක්ෂය කරන ලද හා දැනට භාවිතා කරනු ලබන පිරිවැය රු.237,335,416 ක් වටිනා යන්ත්‍රෝපකරණ, ගෘහ භාණ්ඩ, වාහන හා කෘෂිකාර්මික උපකරණ නැවත අගය කර ගිණුම් වලට ගෙන නොතිබුණි.

(ආ) සමාගමේ අඩමාණ ණය වෙන්කිරීමේ ප්‍රතිපත්තිය අනුව උක් වගා බිම් සකස් කිරීම වෙනුවෙන් ලබා දුන් ණය සඳහා රු. 35,457,048 ක් හා අනෙකුත් කෘෂිකාර්මික කටයුතු වෙනුවෙන් ලබා දුන් ණය සඳහා රු. 45,405,332 ක් වශයෙන් අඩමාණ ණය සඳහා රු.80,862,380 ක ප්‍රතිපාදනයක් සිදු කල යුතු වුවත් අදාල ප්‍රතිපත්තිය නොසලකා සමාගම විසින් අඩමාණ ණය ලෙස රු. 69,635,106 ක් වෙන් කර තිබීම හේතුවෙන් අඩමාණ ණය වෙන්කිරීම් රු.11,227,274 ක් අඩුවෙන් දක්වා තිබුණි.



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

**1.4 මූල්‍ය ප්‍රකාශන පිළිබඳ කළමනාකරණයේ සහ පාලනය කරන පාර්ශවයන්ගේ වගකීම**

මෙම මූල්‍ය ප්‍රකාශන ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිතිවලට අනුකූලව පිළියෙල කිරීම හා සාධාරණ ලෙස ඉදිරිපත් කිරීම සහ වංචා හෝ වැරදි හේතුවෙන් ඇතිවිය 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 ඇවර 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 කිරීමද 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 නිසි පරිදි පොත්පත් හා වාර්තා පවත්වාගෙන යා යුතුය.

**1.5 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 සහතිකවීම උසස් මට්ටමේ සහතිකවීමක් වන නමුත්, ශ්‍රී ලංකා විගණන ප්‍රමිති ප්‍රකාරව විගණනය සිදු කිරීමේදී එය සෑමවිටම ප්‍රමාණාත්මක අවප්‍රකාශනයන් අනාවරණය කරගන්නා බවට වන තහවුරු කිරීමක් නොවනු ඇත. වංචා සහ වැරදි තනි හෝ සාමූහික ලෙස බලපෑම 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 සැකමුසුබවින් 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 පටිපාටි 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 බලපෑම ප්‍රබල වන අතර, දුස්සන්ධානය, ව්‍යාජ ලේඛන සැකසීම, වේතනාන්විත මඟහැරීම හෝ අභ්‍යන්තර පාලනයන් මඟහැරීම වංචාවක් ඇතිවීමට හේතුවේ.
- අවස්ථාවෝචිතව උචිත විගණන පටිපාටි සැලසුම් කිරීම පිණිස සමාගමේ අභ්‍යන්තර පාලනය සම්බන්ධයෙන් අවබෝධයක් ලබා ගන්නා ලද නමුත්, අභ්‍යන්තර පාලනයේ සම්පූර්ණත්වය පිළිබඳ මතයක් ප්‍රකාශ කිරීමට අදහස් නොකරයි.
- භාවිතා කරන ලද ගිණුම්කරන ප්‍රතිපත්තිවල සහ ගිණුම්කරන ඇස්තමේන්තු වල සාධාරණත්වය සහ කළමනාකරණය විසින් කරන ලද සම්බන්ධිත 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 පදනම 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 හෙළිදරව්කිරීම් ප්‍රමාණවත් නොවන්නේ නම් මාගේ මතය විකරණය කළ යුතුය. කෙසේ වුවද, අනාගත සිද්ධීන් හෝ තත්ත්වයන් මත අඛණ්ඩ පැවැත්ම අවසන් වීමට හැකිය.
- හෙළිදරව් කිරීම් ඇතුළත් මූල්‍ය ප්‍රකාශනවල ඉදිරිපත් කිරීම, ව්‍යුහය සහ අන්තර්ගතය ඇගයීමට ලක්කල 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 පාර්ශවයන් දැනුවත් කරන ලදී.



2. වෙනත් නෛතික හා නියාමන අවශ්‍යතා පිළිබඳ වාර්තාව

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

- 2007 අංක 7 දරන සමාගම් පනතේ 163 (1) (ඇ) වගන්තියේ සහ 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (අ) වගන්තියේ සඳහන් අවශ්‍යතාවන් අනුව, මාගේ වාර්තාවේ තත්වගණනය කළ මතය සඳහා පදනම කොටසේ විස්තර කර ඇති කරුණු වලින් වන බලපෑම හැර, විගණනය සඳහා අවශ්‍ය සියලු තොරතුරු සහ පැහැදිලි කිරීම් මා විසින් ලබාගන්නා ලද අතර, මාගේ පරීක්ෂණයෙන් පෙනී යන ආකාරයට නිසි මූල්‍ය වාර්තා සමාගම පවත්වාගෙන ගොස් තිබුණි.
- සමාගමේ මූල්‍ය ප්‍රකාශන, 2007 අංක 07 දරන සමාගම් පනතේ 151 වගන්තියෙහි අවශ්‍යතාවයන්ට අනුකූල වේ.
- 2018 අංක 19 දරන ජාතික විගණන පනතේ 6 (1) (ඇ) (III) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශන ඉකුත් වර්ෂය සමඟ අනුරූප වේ.

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

- 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (ඇ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ පාලක මණ්ඩලයේ යම් සාමාජිකයෙකුට සමාගම සම්බන්ධ වී යම් ගිවිසුමක් සම්බන්ධයෙන් සෘජුව හෝ අන්‍යාකාරයකින් සාමාන්‍ය ව්‍යාපාරික තත්වයෙන් බැහැරව සම්බන්ධයක් ඇති බව.
- 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (ඊ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත සඳහන් නිරීක්ෂණ හැර යම් අදාල 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

2003 ජුනි 02 දිනැති අංක පීරීඩී/12 දරණ  
 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 ඉදිරිපත් කර තිබුණේ මාස 05 ක් ප්‍රමාද වී 2019 ඔක්තෝබර් 30 දින වන අතර කෙටුම්පත් වාර්ෂික වාර්තාව ඉදිරිපත් කර නොතිබුණි.

(ii) 9.3.1 ඡේදය

සෑම ආයතනයකටම අදාළව කාර්ය මණ්ඩලය බඳවා ගැනීමේ පටිපාටියක් සකස් කර යුතු වුවත් සමාගම සඳහා අනුමත බඳවා ගැනීමේ පටිපාටියක් සකස් නොකර සමාලෝචිත වර්ෂය තුළදී බඳවාගැනීම් සිදුකර තිබුණි.

- 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 නීතිරීති වලට අනුකූලව ප්‍රසම්පාදනය කර භාවිතා කර නොමැති බව

(අ) සමාගම විසින් මූල්‍ය ආයතන වලින් ලබාගෙන තිබූ කල්බදු පහසුකම් සඳහා සමාලෝචිත වර්ෂයේදී ගෙවිය යුතු කල්බදු වාරික නියමිත දිනයන්හිදී නොගෙවීම හේතුවෙන් ඒ සඳහා අමතර පොළිය වශයෙන් රු. 5,812,203 ක් ගෙවීමට සිදුවී තිබුණි.



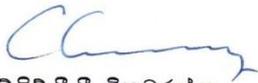
- (ආ) ගල්ඔය වැවිලි පුද්ගලික සමාගමේ සේවක සුබසාධක සංගමය වෙත ලබාදී තිබූ සිනි වෙනුවෙන් ලැබිය යුතු වසර 03 කට වඩා කල් ගත වී තිබූ රු.383,000 ක ගේෂය අය කර ගැනීමට කටයුතු කර නොතිබුණි.
- (ඇ) සමාගමේ අමුද්‍රව්‍ය හා සේවා සැපයුම්කරුවන් වෙත ලබාදී තිබූ වසර 03 ට වඩා පැරණි පිළිවෙලින් රු. 3,951,090 හා රු. 2,831,338 ක් වූ අත්තිකාරම් විගණන දිනය වන විටත් පියවා ගැනීමට කළමනාකරණය කටයුතු කර නොතිබුණි.
- (ඈ) 2018/2019 ගිණුම් වර්ෂය වන විට සමාගමේ උක් වගාකල හැකි බිම් ප්‍රමාණය හෙක්ටයාර 6208 ක් වුවද උක් වගාකර තිබුණේ හෙක්ටයාර 5999 ක පමණි. 2018/2019 ගිණුම් වර්ෂයේ හෙක්ටයාරයකට සාමාන්‍ය උක් ඵලදාව මෙවිටින් ටොන් 53 ක් වන අතර උක් වගා නොකළ හෙක්ටයාර 208 ක් මත අහිමි වී තිබූ සාමාන්‍ය උක් ඵලදාව මෙවිටින් ටොන් 11,024 ක් වන අතර එමගින් සිනි මෙවිටින් ටොන් 738.6 ක්, එතනෝල් ලීටර් 151,580 ක් හා කොම්පෝස්ට් මෙවිටින් ටොන් 220.5 ක් පමණ නිෂ්පාදනයක්ද අහිමි වී තිබුණි.
- (ඉ) කර්මාන්තශාලාවට අවශ්‍ය බල ශක්තිය සිනි නිෂ්පාදන ක්‍රියාවලියෙන් ඉවතලන බැගුස් ආධාරයෙන් නිපදවන අතර එය ප්‍රමාණවත් නොවූ පසු ජාතික විදුලි බලය යොදාගනිමින් යන්ත්‍ර ක්‍රියාත්මක කරයි. 2014/2015 ගිණුම් වර්ෂය වන විට මෙහා වොට් පැය 3,020 ක් වූ කර්මාන්තශාලා බලශක්ති උත්පාදනය 2018/2019 ගිණුම් වර්ෂය වන විට මෙහා වොට් පැය 1,774 ක් දක්වා අඩු වී තිබුණි. මේ සඳහා වාර්ෂික උක් ඇඹරුම් ප්‍රමාණය අඩු වීම හා කර්මාන්තශාලාවේ අකාර්යක්ෂමතාව බලපා තිබුණද අදාළ තත්වයන් සම්බන්ධයෙන් අවශ්‍ය ක්‍රියාමාර්ග ගැනීමට කළමනාකරණය අපොහොසත් වී තිබුණි. ඒ හේතුවෙන් විකල්ප බලශක්තින් සඳහා අමතර පිරිවැයක් දැරීමට ද සමාගමට සිදු වී තිබුණි.

**3. වෙනත් විගණන නිරීක්ෂණ**

- (අ) 2014/2015 ගිණුම් වර්ෂය වන විට සමාගම විසින් ලබා ගෙන තිබුණය ප්‍රමාණය රු.මිලියන 2177 ක් වූ අතර ඒ සඳහා ගෙවා තිබුණය පොළියරු.මිලියන 529 ක් වූ අතර එය 2018/2019 ගිණුම් වර්ෂය වන විට ලබාගෙන තිබුණය ප්‍රමාණය රු. මිලියන 7400 ක් ද ක් වාසියට 239 කින්ද ගෙවා තිබූ පොළිය රු.මිලියන 1803 ක් දක්වා සියයට 240 කින්ද වැඩි වී තිබුණි. සමාගමේ මෙහෙයුම් කටයුතු පවත්වා ගැනීම සහ කාරක ප්‍රාග්ධන අවශ්‍යතා සපුරා ගැනීම වෙනුවෙන් දිගින්දිගටම ණය ලබාගැනීම හේතුවෙන් සමාගමේ මූල්‍ය තත්වය අයහපත් තත්වයකට පත්ව තිබුණි. එමෙන්ම 2006/2007 ගිණුම් වර්ෂයේ සිටම සමාගම අලාභ ලබමින් පවත්වාගෙන ගොස් ඇති අතර 2006/2007 වර්ෂයේ රු. මිලියන 219 ක් වූ එම අලාභය 2018/2019 ගිණුම් වර්ෂය වන විට අලාභය රු. මිලියන 1814 ක් දක්වා වැඩිවී තිබුණි.



(ආ) සමාගමේ අබලි ද්‍රව්‍ය ඉවත් කිරීමේ අරමුණින් 2018 නොවැම්බර් 15 දින මිල ගණන් කැඳවා තෝරාගන්නා ලද ගැණුම්කරුවන් සඳහා ලංසු පිරිනමා තිබූ නමුත් එම අබලි යකඩ භාවිතයට සුදුසු තත්වයේ නොමැති බව සඳහන් කරමින් ටෙන්ඩර් පත්‍රිකාවේ කොන්දේසි පරිදි නියමිත කාල සීමාව තුළ අදාළ අබලි ද්‍රව්‍ය ඉවත් කර නොගැනීම හේතුවෙන් ලංසු ක්‍රියාවලිය අසාර්ථක වී තිබුණි. එසේම වසර ගණනාවක සිට කර්මාන්තයතනය තුළ ඒකරාශී වූ මෘදු වානේ, වාත්තු යකඩ, තඹ, පින්තල සහ මල නොබැඳුණු වානේ පසට යට වීම, වල් උවදුරු වලට ලක්වීම ආදී තත්ත්වයන්ට පත්වීම හා ඩෙංගු රෝගය ව්‍යාප්ත වීමට ඇති ඉඩකඩ හේතුවෙන් මෙම යකඩ කර්මාන්තශාලා පරිශ්‍රයෙන් ඉවත් නොකිරීමට එරෙහිව ප්‍රදේශයේ මහජන සෞඛ්‍ය පරීක්ෂකවරයා විසින් දඩ මුදල් පැනවීමට කටයුතු කර තිබුණු අතර නිසි කාල සීමාව තුළ එම ද්‍රව්‍ය අලෙවි නොකිරීම හේතුවෙන් සමාගමට ලබා ගැනීමට තිබූ අමතර ආදායමක්ද අහිමි වී තිබුණි.

  
 ඩබ්ලිව්.පී.සී. වික්‍රමරත්න  
 විගණකාධිපති

# Statement of Profit or Loss and Other Comprehensive Income

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

<i>For the year ended 31<sup>st</sup> March,</i>	Note	2019 <u>Rs.</u>	2018 <u>Rs.</u>
Revenue	6	2,023,627,800	1,243,023,570
Cost of sales		(1,469,011,844)	(957,558,213)
<b>Gross profit</b>		<b>554,615,956</b>	<b>285,465,357</b>
Other income	7	32,524,960	41,371,403
Administrative expenses		(597,794,535)	(476,285,540)
<b>Profit/(Loss) before interest &amp; taxation</b>		<b>(10,653,620)</b>	<b>(149,448,781)</b>
Finance income		37,462	30,210
Finance expenses		(1,803,529,762)	(1,193,519,762)
Net finance expenses	8	(1,803,492,300)	(1,193,489,552)
<b>Loss before taxation</b>	9	<b>(1,814,145,920)</b>	<b>(1,342,938,332)</b>
Income tax expense	10	-	(4,589,788)
<b>Loss for the year</b>		<b>(1,814,145,920)</b>	<b>(1,347,528,120)</b>
<b>Other comprehensive income</b>			
<i>Items that will never be reclassified to profit or loss</i>			
Actuarial gain/(loss) on defined benefit obligations		(3,430,246)	(4,911,133)
Other comprehensive income for the year, net of tax		(3,430,246)	(4,911,133)
<b>Total comprehensive income for the year</b>		<b>(1,817,576,166)</b>	<b>(1,352,439,253)</b>
<b>Deficit per share (Rs.)</b>	11	<b>17.93</b>	<b>13.32</b>

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

# Statement of Financial Position

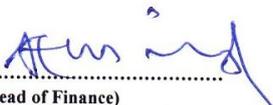
## GALOYA PLANTATIONS (PRIVATE) LIMITED STATEMENT OF FINANCIAL POSITION

<i>As at 31<sup>st</sup> March,</i>		2019	2018
	Note	<u>Rs.</u>	<u>Rs.</u>
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	12	1,944,006,104	2,120,298,125
Infrastructure development	13	57,721,152	61,269,718
Right to use land and buildings	14	235,200,000	245,000,000
Capital work in progress	15	110,171,565	11,002,668
Intangible assets	16	2,629,969	1,304,326
Loans given to farmers	17	128,308,993	113,960,321
		<u>2,478,037,783</u>	<u>2,552,835,158</u>
<b>Current assets</b>			
Biological assets	18	14,508,709	20,710,760
Inventories	19	913,557,408	719,275,368
Loans given to farmers	17	287,704,611	176,165,585
Trade and other receivables	20	82,799,228	122,824,008
Amounts due from related parties	21	3,153,670	2,772,105
Income tax receivable	21	13,131,199	2,579,077
Cash and cash equivalents	22	28,597,348	5,509,030
<b>Total current assets</b>		<u>1,343,452,174</u>	<u>1,049,835,933</u>
<b>Total assets</b>		<u>3,821,489,956</u>	<u>3,602,671,091</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	23	1,011,764,730	1,011,764,730
Accumulated loss		<u>(7,246,742,839)</u>	<u>(5,429,166,673)</u>
<b>Total equity</b>		<u>(6,234,978,109)</u>	<u>(4,417,401,943)</u>
<b>Non - current liabilities</b>			
Interest bearing loans and borrowings	25	3,757,712,047	3,702,703,173
Retirement benefit obligations	24	50,727,388	39,401,774
Finance lease obligations	26	130,254,893	170,113,017
<b>Total non current liabilities</b>		<u>3,938,694,328</u>	<u>3,912,217,964</u>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	25	3,643,102,170	2,848,358,129
Finance lease obligations	26	39,294,950	37,943,951
Trade and other payables	27	260,694,520	168,496,162
Amount due to related parties	28	1,936,830,544	886,548,864
Bank overdraft	22	237,851,553	166,507,964
<b>Total current liabilities</b>		<u>6,117,773,738</u>	<u>4,107,855,071</u>
<b>Total equity and liabilities</b>		<u>3,821,489,956</u>	<u>3,602,671,091</u>

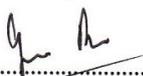
*The accounting policies and notes form an integral part of these financial statements.*

*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. R.M.G.K.B. Rathnayake)  
16th September 2019

  
.....  
**Director**  
(Mr. Giridaran Seenivasan)

# Statement of Changes in Equity

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

	<b>Stated capital Rs.</b>	<b>Retained earnings Rs.</b>	<b>Total Rs.</b>
Balance as at 1 <sup>st</sup> April, 2017	1,011,764,730	(4,076,727,421)	(3,064,962,691)
Loss for the year	-	(1,347,528,120)	(1,347,528,120)
Other comprehensive income for the year	-	(4,911,133)	(4,911,133)
Total comprehensive income for the year	-	(1,352,439,253)	(1,352,439,253)
<b>Balance as at 31<sup>st</sup> March, 2018</b>	<b>1,011,764,730</b>	<b>(5,429,166,673)</b>	<b>(4,417,401,943)</b>
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)
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>1,011,764,730</b>	<b>(7,246,742,839)</b>	<b>(6,234,978,109)</b>

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

# Statement of Cash Flow

## GAL OYA PLANTATIONS (PRIVATE) LIMITED STATEMENT OF CASH FLOW

<i>For the year ended 31<sup>st</sup> March,</i>	<u>2019</u>	<u>2018</u>
	<u>Rs.</u>	<u>Rs.</u>
<b>Cash flows from operating activities</b>		
Loss before taxation	(1,814,145,920)	(1,342,938,332)
<b>Adjustments for:</b>		
Finance income	(37,462)	(30,210)
Finance expense	1,803,529,762	1,193,519,762
Depreciation on property, plant and equipment	251,874,884	185,070,757
Amortisation of intangible assets	524,357	340,297
Amortisation of lease hold right	9,800,000	9,800,000
Amortisation of infrastructure development equipment	33,877,450	36,199,707
Impairment of farmer loans	9,762,172	-
Provision for retiring gratuity	11,386,138	9,397,592
<b>Operating profit before working capital changes</b>	<u>306,571,381</u>	<u>91,359,572</u>
<b>Working capital changes</b>		
(Increase) / decrease in inventories	(194,282,041)	(306,536,064)
(Increase)/decrease in biological asset	6,202,051	1,465,571
Increase in trade and other receivables	40,024,781	103,107,722
(Increase) / decrease in due from related party	(381,566)	(395,709)
(Increase) / decrease in loan given to farmers	(135,649,870)	27,563,325
Increase / (decrease) in trade and other payables	92,198,358	91,800,973
(Increase) / decrease in due to related party	5,154,264	97,104,483
<b>Cash generated from operations</b>	<u>119,837,359</u>	<u>105,469,872</u>
Income tax paid	(10,552,122)	(6,478,988)
Retiring gratuity paid	(3,490,770)	(2,235,404)
Finance expense paid	(758,402,348)	(814,242,656)
<b>Net cash from/(used in) operating activities</b>	<u>(652,607,881)</u>	<u>(717,487,176)</u>
<b>Cash flows from investing activities</b>		
Interest income received	37,462	30,210
Acquisition of property, plant and equipment	(75,582,863)	(1,370,270,128)
Acquisition of intangible assets	(1,850,000)	(1,307,708)
Additions to infrastructure development	(30,328,884)	(35,640,622)
Investments in capital work-in-progress	(99,168,897)	906,452,001
<b>Net cash flows used in investing activities</b>	<u>(206,893,181)</u>	<u>(500,736,246)</u>
<b>Cash flows from financing activities</b>		
Net Increase/(Decrease) in Lease Liability	(38,507,125)	92,442,990
Receipts from borrowings - related companies	1,059,000,000	1,335,919,008
Repayment of borrowings - related companies	(522,191,126)	(244,985,645)
Receipts from borrowings - non related companies	480,320,000	200,927,371
Repayment of borrowings - non related companies	(167,375,959)	(77,349,844)
<b>Net cash from financing activities</b>	<u>811,245,790</u>	<u>1,306,953,880</u>
Net change in cash and cash equivalents during the year	(48,255,271)	88,730,457
Cash and cash equivalents at the beginning of the period	(160,998,935)	(249,729,394)
<b>Cash and cash equivalents at the end of the year (Note 22)</b>	<u>(209,254,205)</u>	<u>(160,998,935)</u>

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



# Notes to the Financial Statement

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

### **1. Corporate information.**

#### **1.1. Reporting entity**

Gal Oya Plantations (Private) Limited is a limited liability company incorporated on 11<sup>th</sup> 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 operations**

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

#### **1.3. Immediate and ultimate parent enterprise**

The main shareholder of the company is the Government of Sri Lanka which owns 51% of the share holding as at 31<sup>st</sup> March, 2019. 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 31<sup>st</sup> March, 2019.

#### **1.4. Date of authorisation for issue**

The financial statements of Gal Oya Plantations (Private) limited for the year ended 31<sup>st</sup> March 2019 (including comparatives) were authorised for issue in accordance with a resolution of the Board of Directors on 16<sup>th</sup> September 2019.

### **2. Basis of preparation.**

#### **2.1 Statement of compliance**

The financial statements of the Company which comprise the Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows and Notes thereto have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirement of Companies Act No 7 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 Functional currency**

These financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Srilankan Rupees has been rounded to the nearest Rupee.

#### **2.4 Use of estimates, judgment and assumptions.**

The preparation of the financial statements in conformity with SLFRSs' / LKASs' requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and assumptions.

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

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

**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) 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.

**c) 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.

**d) 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 judgment in forecasting future operating results.

**2.5 Going concern**

The Directors have made an assessment of the Company's ability to continue as a going concern, and are satisfied that it has the resources to continue in business for the foreseeable future. Therefore these financial statements are prepared on going concern basis.

**3. Significant accounting policies.**

The accounting policies set out below have been applied consistently for all periods presented in the financial statement by the Company.

**3.1 Foreign currency transactions**

Transactions in foreign currencies are translated to Srilankan 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 Srilankan 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.

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

**3.2 Assets and bases of their valuation**

**3.2.1 Property, plant and equipment**

**3.2.1.1 Recognition and measurement**

Items of property, plant and equipment are measured at cost less 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.

**3.2.1.2 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 Statement profit or loss as and when incurred.

**3.2.1.3 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 assets' 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;

**3.2.1.4 Depreciation**

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in the Statement 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 asset 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.

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

The estimated useful lives for the current and comparative year are as follows:

<b>Property, plant and equipment</b>	<b>No. of years</b>
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

**3.2.1.5 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.

<b>Class of asset</b>	<b>No. of years</b>
Land & Building	30 years
Permanent land development	30 years

**3.2.1.6 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 a 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.

**3.2.2 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.

Change in fair value of standing cane is recognised in the statement of comprehensive income.

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

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.

**3.2.2 Biological assets (contd.)**

**a) Growing crop nurseries**

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

**3.2.3 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.

**3.2.4 Permanent land development costs**

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.

**3.2.5 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.

**3.2.6 Leases**

**a) Finance leases**

Leases in terms of which the Company assumes substantially all the risk and rewards of ownership are classified as finance leases. On initial recognition, the leased assets under property plant and equipment, is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets is accounted for in accordance with the accounting policy applicable to that assets.

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

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

**b) Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Payments under operating leases are recognised as an expense in the Statement of profit or loss on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

**3.2.7 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.

**3.3 Financial instruments**

**3.3.1 Financial assets**

The Company recognises financial assets in its statement of financial position when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognises financial assets when contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate assets or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

**a) Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables of the Company comprise of the following,

**i) Trade receivables**

Trade and other receivables are stated at the amounts they are estimated to realise, net of provisions for bad and doubtful receivables. A provision for doubtful debts is made where as there is objective evidence that the group will not be able to recover all amounts due according to the original terms of receivables. Bad debts are written-off when identified.

**b) 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.

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

**3.4 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

**3.5 Financial liabilities**

The Company initially recognises debt securities and loans & borrowings on the date that they are originated. All other financial liabilities are recognised at initially on the trade date, which is the date that the company becomes party to the contractual provisions of the instruments.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using effective interest rate method. Other financial liabilities comprise of loans & borrowings, bank overdraft and debentures issued.

**3.5.1 Other liabilities and provisions**

**3.5.1.1 General**

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

**3.5.2 Employee benefits**

**3.5.2.1 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.

**3.5.2.2 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

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

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.

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.

**3.5.2.3 Short term benefits**

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

**3.6 Provisions**

A provision is recognized if, as a result of a past event, the Company has an obligation, legal or constructive that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**3.7 Revenue**

The net company turnover excludes turnover taxes, and trade discounts. The gross turnover represents the invoiced value of goods & services to customers outside the company.

**3.7.1 Revenue recognition**

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

**a) Sale of goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

**3.8 Other income**

Other income is recognised on accrual basis

**a) Gain/ (loss) on disposal of property, plant and equipment**

Gain on disposal of property, plant and equipment and other non-current assets held by the group have been accounted for in the statement of profit or loss, after deducting from the net sales proceeds on disposal of the carrying amount of such assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in revaluation reserve relating to that asset is transferred directly to retained earnings.

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

**b) Interest income from loan given to farmers**

Interest income from loans given to farmers is recognised in the Statement of Profit or loss on accrual basis.

**3.9 Finance income**

Interest income is recognized as the interest accrued on a time basis (taking into account the effective yield on the asset) unless collectability is in doubt.

**3.10 Expenses recognition**

Expenses are recognised 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 purpose of presentation of the Statement of Profit or loss the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance and hence such presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the Statement of Profit or loss. Repairs and renewals are charged to the statement of comprehensive income in the year in which the expenditure is incurred.

**3.11 Tax expense**

Tax expense comprises of current, deferred tax and other statutory taxes. Income tax expense is recognised in the Statement of comprehensive income except to the extent that it relates to items recognised directly in the Statement of changes in equity.

**3.11.1 Current tax**

Current tax is the expected tax payable or receivable 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.

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 and subsequent amendments thereto.

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.

**3.11.2 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.

**3.12 Earnings / (loss) 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 the weighted average number of ordinary shares outstanding during the period.

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

**4. New accounting standards issued but not effective as at the reporting date**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

**i) SLFRS 16 Leases**

SLFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under SLFRS 16, 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.

The Group is in the process of assessing the full impact of adopting SLFRS 16, which is effective for financial periods beginning on or after 1 January 2019.

**ii) Amendments to LKAS 28, 'Investments in associates and joint ventures', Long-term Interests in Associates and Joint Ventures**

These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using SLFRS 9.

This amendment is effective for the annual periods beginning on or after 1 January 2019.

**iii) Amendments to SLFRS 9 Financial Instruments - Prepayment Features with Negative Compensation**

This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from LKAS 39.

This amendment is effective for annual periods beginning on or after 1 January 2019.

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**iv) IFRIC 23, 'Uncertainty over income tax treatments'**

This IFRIC clarifies how the recognition and measurement requirements of LKAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments.

An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

This amendment is effective for the annual periods beginning on or after 1 January 2019.

**v) Annual improvements 2015–2017**

These amendments includes minor changes to the following standards:

- I. SLFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- II. SLFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- III. LKAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way.
- IV. LKAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

These amendments are effective for the annual periods beginning on or after 1 January 2019.

**vi) Amendments to LKAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'**

These amendments require an entity to:

- I. use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- II. recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

This amendment is effective for the annual periods beginning on or after 1 January 2019.

**vii) Amendments to SLFRS 3 – definition of a business**

This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

This amendment is effective for the annual periods beginning on or after 1 January 2020.

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**viii) Amendments to LKAS 1 and LKAS 8 on the definition of material**

These amendments to LKAS 1, 'Presentation of financial statements', and LKAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other SLFRSs:

- I. use a consistent definition of materiality throughout SLFRSs and the Conceptual Framework for Financial Reporting;
- II. clarify the explanation of the definition of material; and
- III. incorporate some of the guidance in LKAS 1 about immaterial information.

These amendments are effective for the annual periods beginning on or after 1 January 2020.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**GAL OYA PLANTATIONS (PRIVATE) LIMITED**  
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**5 Appropriateness of going concern assumption**

The Company incurred a net loss of Rs.1,817,576,166/- for the year ended 31st March 2019 (previous year Rs.1,352,439,253/) and as at the date the liabilities exceeded the total assets by Rs.6,234,978,109/- (previous year Rs.4,417,401,943/-). 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 investment which will generate positive cash flow and profits in the future and the plan will be monitored by the 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 and expected new project on to Co-Generation power plant. 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.

<i>For the year ended 31st March,</i>	<b>2019</b>	<b>2018</b>
	<u>Rs.</u>	<u>Rs.</u>
<b>6 Revenue</b>		
Sale of Sugar	799,977,800	1,243,023,570
Sale of ENA	<u>1,223,650,000</u>	<u>-</u>
	<u><b>2,023,627,800</b></u>	<u><b>1,243,023,570</b></u>
<b>7 Other income</b>		
Income from sale of "C" sugar	8,623,920	10,735,666
Net income from molasses sales	10,294,556	5,397,533
Interest income from farmer loans	10,831,001	25,188,403
Income from scrap sales	1,942,502	-
Miscellaneous income	806,531	49,801
Bio-compast net income	<u>26,450</u>	<u>-</u>
	<u><b>32,524,960</b></u>	<u><b>41,371,403</b></u>
<b>8 Net finance expenses</b>		
<b>8.1 Finance income</b>		
Interest income - repo investment & savings	<u>37,462</u>	<u>30,210</u>
	<u><b>37,462</b></u>	<u><b>30,210</b></u>
<b>8.2 Finance expenses</b>		
<i>Interest on loans from</i>		
LOLC Holdings PLC	176,794,324	101,460,220
LOLC Factors Limited	898,167,629	532,703,871
Browns & Company PLC	133,349,133	111,632,714
Commercial Leasing & Finance PLC	53,712,587	49,581,017
Peoples Bank PLC	42,013,907	170,882
Bank of Ceylon PLC	1,973,006	8,412,381
Saakya Capital (Pvt) Ltd	287,499,996	287,499,996
Commercial Trust Technologies (Pvt) Ltd	123,500,004	36,903,730
Seylan Bank PLC	6,976,188	-
LOLC Finance PLC	16,127,761	-
<i>Other interest on</i>		
Interest on finance lease obligation	39,319,971	40,340,964
Bank overdraft	<u>24,095,254</u>	<u>24,813,987</u>
	<u><b>1,803,529,762</b></u>	<u><b>1,193,519,762</b></u>
<b>Net finance income/(expenses)</b>	<u><b>(1,803,492,300)</b></u>	<u><b>(1,193,489,552)</b></u>
<i>For the year ended 31st March,</i>	<b>2019</b>	<b>2018</b>
	<u>Rs.</u>	<u>Rs.</u>
<b>9 Loss before taxation</b>		
<i>Stated after charging all expenses including the following:</i>		
Depreciation on property, plant and equipment	251,874,884	185,070,757
Amortisation on intangible assets	524,357	340,297
Depreciation on infrastructure development	33,877,450	36,199,707
Amortisation on right to use land and building	9,800,000	9,800,000
Personnel costs (Note 9.1)	474,022,724	366,463,380
External audit fees	275,000	-
Impairment on farmer loan	9,762,172	-
<b>9.1 Personnel costs</b>		
Salaries and Wages	237,686,816	186,763,800
Defined contribution plan costs - EPF/ETF	31,877,889	27,627,383
Defined benefit plan costs - retirement benefit	14,816,385	14,308,725
Other staff related expenses	<u>189,641,634</u>	<u>137,763,471</u>
	<u><b>474,022,724</b></u>	<u><b>366,463,380</b></u>
Number of Staff	1,013	924

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*For the year ended 31st March,*

	<b>2019</b>	<b>2018</b>
	<u>Rs.</u>	<u>Rs.</u>
<b>10 Income tax expense</b>		
<b>Current tax expense</b>		
Income tax expenses on current year profit (Note 10.1)	-	4,589,788
	<u>-</u>	<u>4,589,788</u>
<b>10.1 Reconciliation of the accounting profit and tax on current year.</b>		
Loss before taxation	<b>(1,814,145,920)</b>	(1,342,938,332)
Non business income	<b>(10,868,463)</b>	(25,218,613)
Aggregate disallowed expenses	<b>1,593,723,511</b>	283,438,855
Aggregate allowed deductions	<b>(505,033,020)</b>	(524,492,439)
Tax loss	<b>(736,323,891)</b>	(1,609,210,529)
Non business income	<b>10,868,463</b>	25,218,613
Utilisation of tax losses	<b>(10,868,463)</b>	(8,826,514)
Taxable income	<u>-</u>	<u>16,392,098</u>
Income tax @ 28%	-	4,589,788
	<u>-</u>	<u>4,589,788</u>
<b>10.2 Tax losses carried forward</b>		
Tax losses brought forward	<b>6,268,247,845</b>	4,667,863,830
Tax losses arising during the year	<b>736,323,891</b>	1,609,210,529
Utilisation of tax losses during the year	<b>(10,868,463)</b>	(8,826,514)
Tax losses at the end of the year	<b>6,993,703,274</b>	6,268,247,845
<b>10.3 Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of following items.		
Property, plant and equipment	<b>(1,261,033,131)</b>	(1,053,567,912)
Retirement benefit obligations	<b>50,727,388</b>	39,401,774
Tax losses	<b>6,993,703,274</b>	6,268,247,845
Deductible temporary difference	<b>5,783,397,531</b>	5,254,081,707
Applicable Tax Rate	<b>28%</b>	28%
Deferred Tax Asset	<b>1,619,351,309</b>	1,471,142,878
	<u>1,619,351,309</u>	<u>1,471,142,878</u>

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.

**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.

	<b>2019</b>	<b>2018</b>
Loss for the year (Rs.)	<b>1,814,145,920</b>	1,347,528,120
Weighted average number of ordinary shares in issue	<b>101,176,473</b>	101,176,473
Deficit per share (Rs.)	<u>17.93</u>	<u>13.32</u>

**GAL OYA 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	Disposals	Balance as at
	1 <sup>st</sup> April 2017		31 <sup>st</sup> March 2018	1 <sup>st</sup> April 2018			31 <sup>st</sup> March 2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Freehold</b>							
Buildings	34,793,703	136,279,418	171,073,121	171,073,121	24,101,236	-	195,174,357
Permanent land development cost	63,348,553	-	63,348,553	63,348,553	-	-	63,348,553
Factory - plant and machinery	878,429,652	-	878,429,652	878,429,652	24,389,268	-	902,818,920
Fleet Machinery	17,119,925	-	17,119,925	17,119,925	-	-	17,119,925
Water purification plant	5,426,456	-	5,426,456	5,426,456	1,684,030	-	7,110,486
Furniture and fixtures	6,232,781	688,129	6,920,910	6,920,910	1,375,394	-	8,296,304
Office equipment	2,997,805	6,903,875	9,901,680	9,901,680	2,055,743	-	11,957,423
Agriculture equipment	27,096,969	7,684,688	34,781,657	34,781,657	9,902,520	-	44,684,177
Bungalow equipment	7,217,822	863,180	8,081,002	8,081,002	342,778	-	8,423,780
Factory equipment	54,590,592	24,132,536	78,723,128	78,723,128	7,939,038	-	86,662,167
Tractors and trailers	152,517,026	2,117,867	154,634,893	154,634,893	794,680	-	155,429,573
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	8,803,471	611,998	9,415,469	9,415,469	430,040	-	9,845,509
Mobile phones	750,060	565,638	1,315,698	1,315,698	129,000	-	1,444,698
GPS tracking device	2,104,500	-	2,104,500	2,104,500	-	-	2,104,500
Distillery Plant & Machineries	-	1,027,438,048	1,027,438,048	1,027,438,048	2,439,135	-	1,029,877,183
	1,263,808,795	1,207,285,378	2,471,094,173	2,471,094,173	75,582,863	-	2,546,677,035
<b>Leasehold</b>							
Sugar cane harvester	159,036,027	-	159,036,027	159,036,027	-	-	159,036,027
Motor vehicles	18,299,336	32,000,000	50,299,336	50,299,336	-	-	50,299,336
Infielder with tractors	27,048,757	-	27,048,757	27,048,757	-	-	27,048,757
Tractors	25,050,000	130,984,750	156,034,750	156,034,750	-	-	156,034,750
	229,434,120	162,984,750	392,418,870	392,418,870	-	-	392,418,870
<b>Carrying amount at cost</b>	<b>1,493,242,915</b>	<b>1,370,270,128</b>	<b>2,863,513,042</b>	<b>2,863,513,042</b>	<b>75,582,863</b>	<b>-</b>	<b>2,939,095,905</b>
<b>Accumulated depreciation</b>	<b>Balance as at</b>	<b>Charge for the</b>	<b>Balance as at</b>	<b>Balance as at</b>	<b>Charge for the</b>	<b>Disposals</b>	<b>Balance as at</b>
	<b>1st April 2017</b>	<b>year</b>	<b>31st March 2018</b>	<b>1st April 2018</b>	<b>year</b>		<b>31st March 2019</b>
<b>Freehold</b>							
Buildings	4,454,602	1,159,790	5,614,392	5,614,392	6,123,809	-	11,738,201
Permanent land development cost	8,446,473	2,111,618	10,558,092	10,558,092	2,111,618	-	12,669,710
Factory - plant and machinery	275,834,607	73,202,471	349,037,079	349,037,079	74,456,490	-	423,493,569
Fleet Machinery	14,638,127	827,266	15,465,393	15,465,393	827,266	-	16,292,659
Water purification plant	1,773,939	452,205	2,226,143	2,226,143	463,899	-	2,690,043
Furniture and fixtures	4,485,414	875,607	5,361,021	5,361,021	776,266	-	6,137,287
Office equipment	931,542	1,439,022	2,370,564	2,370,564	2,737,480	-	5,108,044
Agriculture equipment	8,344,256	3,821,173	12,165,429	12,165,429	5,197,445	-	17,362,874
Bungalow equipment	3,671,055	650,441	4,321,497	4,321,497	735,620	-	5,057,117
Factory equipment	16,122,886	7,909,678	24,032,564	24,032,564	10,335,802	-	34,368,366
Tractors and trailers	103,833,284	23,577,148	127,410,432	127,410,432	23,703,771	-	151,114,202
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	7,881,877	674,064	8,555,941	8,555,941	538,431	-	9,094,372
Mobile phones	742,484	22,694	765,178	765,178	679,521	-	1,444,698
GPS tracking device	876,875	526,125	1,403,000	1,403,000	526,125	-	1,929,125
Distillery Plant & Machineries	-	-	-	-	51,398,787	-	51,398,787
	454,416,902	117,249,303	571,666,205	571,666,205	180,612,327	-	752,278,532
<b>Leasehold</b>							
Sugar cane harvester	61,624,764	31,622,842	93,247,606	93,247,606	31,622,842	-	124,870,448
Motor vehicles	13,920,187	5,267,634	19,187,821	19,187,821	9,111,514	-	28,299,335
Infielder with tractors	11,490,847	4,925,186	16,416,034	16,416,034	4,925,186	-	21,341,220
Tractors	16,691,459	26,005,792	42,697,251	42,697,251	25,603,014	-	68,300,266
	103,727,258	67,821,454	171,548,712	171,548,712	71,262,557	-	242,811,269
<b>Accumulated depreciation</b>	<b>558,144,160</b>	<b>185,070,757</b>	<b>743,214,918</b>	<b>743,214,918</b>	<b>251,874,884</b>	<b>-</b>	<b>995,089,801</b>
<b>Carrying amount</b>	<b>935,098,754</b>		<b>2,120,298,125</b>	<b>2,120,298,125</b>			<b>1,944,006,104</b>

**12.1**

**Fully depreciated property, plant and equipment**

The cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is as follows:

*As at 31<sup>st</sup> March*

	2019	2018
	Rs.	Rs.
Machinery -JCB	13,810,861	13,810,861
Furniture and fixtures	4,434,098	3,845,071
Office equipment	438,063	438,063
Tractors and trailers	156,671,526	12,466,050
Sugar cane harvester	34,604,660	34,604,660
Motor cycle	319,480	319,480
Computer & accessories	8,382,496	7,177,946
Mobile phones	1,444,698	750,060
Agriculture equipment	478,115	246,097
Bungalow equipment	2,450,978	2,416,892
Factory equipment	1,369,330	1,014,403
Infielder with tractors	7,348,011	7,348,011
Motor vehicles	18,299,336	5,228,800
	<b>250,051,652</b>	<b>89,666,394</b>

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**13 Infrastructure development**

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

	Balance as at 1 <sup>st</sup> April 2018	Additions / transfer	Balance as at 31 <sup>st</sup> March 2019
<b>Cost</b>			
Infrastructure development	263,163,012	30,328,884	<b>293,491,896</b>
	<u>263,163,012</u>	<u>30,328,884</u>	<u><b>293,491,896</b></u>
	Balance as at 1 <sup>st</sup> April 2018	Amortization	Balance as at 31 <sup>st</sup> March 2019
<b>Accumulated amortization</b>			
Infrastructure development	201,893,294	33,877,450	<b>235,770,744</b>
	<u>201,893,294</u>	<u>33,877,450</u>	<u><b>235,770,744</b></u>
<b>Carrying amount</b>	<u>61,269,718</u>		<u><b>57,721,152</b></u>

**13.1 Fully depreciated Infrastructure development**

The cost of fully depreciated infrastructure developments which are still in use as at the reporting date is as follows:

	2019 Rs.	2018 Rs.
<i>As at 31<sup>st</sup> March</i>		
Infrastructure development	<b>137,239,884</b>	124,085,834
Total	<u><b>137,239,884</b></u>	<u>124,085,834</u>

**14 Right to use land and buildings**

	Balance as at 1 <sup>st</sup> April 2018	Additions / transfer	Balance as at 31 <sup>st</sup> March 2019
<b>Cost</b>			
Right to use land and buildings	294,000,000	-	<b>294,000,000</b>
	<u>294,000,000</u>	<u>-</u>	<u><b>294,000,000</b></u>
	Balance as at 1 <sup>st</sup> April 2018	Amortisation	Balance as at 31 <sup>st</sup> March 2019
<b>Accumulated amortisation</b>			
Right to use land and buildings	(49,000,000)	(9,800,000)	<b>(58,800,000)</b>
	<u>(49,000,000)</u>	<u>(9,800,000)</u>	<u><b>(58,800,000)</b></u>
<b>Carrying amount</b>	<u>245,000,000</u>		<u><b>235,200,000</b></u>

Persuent 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 28<sup>th</sup> August 2009, and is amortised over the balance lease period.

	2019 Rs.	2018 Rs.
<i>As at 31<sup>st</sup> March,</i>		
<b>Capital work in progress</b>		
<b>15.1 ENA Plant construction</b>		
Balance as at beginning of the year	-	915,454,669
Transfers to property, plant and equipment	-	(915,454,669)
Balance as at end of the year	<u>-</u>	<u>-</u>
<b>15.2 Fly Ash Control System/Power plant construction</b>		
Balance as at beginning of the year	11,002,668	2,000,000
Additions	43,258,809	9,002,668
Balance as at end of the year	<u>54,261,477</u>	<u>11,002,668</u>
<b>15.3 Building</b>		
Additions	1,796,485	-
Balance as at end of the year	<u>1,796,485</u>	<u>-</u>
<b>15.4 Waste Water Treatment Plant</b>		
Additions	50,044,015	-
Balance as at end of the year	<u>50,044,015</u>	<u>-</u>
<b>15.5 ENA Tank</b>		
Additions	3,215,543	-
Balance as at end of the year	<u>3,215,543</u>	<u>-</u>
<b>15.6 Siyambalanduwa Buying Station</b>		
Additions	854,044	-
Balance as at end of the year	<u>854,044</u>	<u>-</u>
	<u><b>110,171,565</b></u>	<u>11,002,668</u>

**GAL OYA PLANTATIONS (PRIVATE) LIMITED**

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<b>16 Intangible assets</b>			
	Balance as at 1 <sup>st</sup> April 2018	Additions	<b>Balance as at 31<sup>st</sup> March 2019</b>
<b>Cost</b>	5,802,384	1,850,000	<b>7,652,384</b>
Computer software	<u>5,802,384</u>	<u>1,850,000</u>	<u><b>7,652,384</b></u>
	Balance as at 1 <sup>st</sup> April 2018	Amortisation	<b>Balance as at 31<sup>st</sup> March 2019</b>
<b>Accumulated amortisation</b>			
Computer software	(4,498,058)	(524,357)	<b>(5,022,415)</b>
	<u>(4,498,058)</u>	<u>(524,357)</u>	<u><b>(5,022,415)</b></u>
<b>Carrying value</b>	<u>1,304,326</u>		<u><b>2,629,969</b></u>
<b>16.1 Fully depreciated Intangible assets</b>			
The cost of fully depreciated intangible assets which are still in use as at the reporting date is as follows;			
<i>As at 31<sup>st</sup> March</i>		<b>2019</b>	<b>2018</b>
		<u><b>Rs.</b></u>	<u><b>Rs.</b></u>
Computer software		<u><b>4,154,951</b></u>	<u>4,154,951</u>
Total		<u><b>4,154,951</b></u>	<u>4,154,951</u>
<i>As at 31<sup>st</sup> March,</i>		<b>2019</b>	<b>2018</b>
		<u><b>Rs.</b></u>	<u><b>Rs.</b></u>
<b>17 Loans given to farmers</b>		<u><b>485,648,710</b></u>	349,998,840
Less: Impairment		<u><b>(69,635,106)</b></u>	<u>(59,872,934)</u>
		<u><b>416,013,604</b></u>	<u>290,125,906</u>
Amount fall due with in one year		<u><b>287,704,611</b></u>	176,165,585
Amount fall due after one year		<u><b>197,944,099</b></u>	173,833,255
Less: Impairment		<u><b>(69,635,106)</b></u>	<u>(59,872,934)</u>
		<u><b>128,308,993</b></u>	<u>113,960,321</u>
		<u><b>416,013,604</b></u>	<u>290,125,906</u>
<b>18 Biological asset</b>			
Nursery and standing cane stock		<u><b>14,508,709</b></u>	20,710,760
		<u><b>14,508,709</b></u>	<u>20,710,760</u>
<b>19 Inventories</b>			
Raw materials		<u><b>22,243,501</b></u>	1,642,169
Finished goods - Sugar		<u><b>66,203,200</b></u>	-
- Molasses		<u><b>314,470,138</b></u>	488,305,955
- ENA		<u><b>413,220,915</b></u>	142,266,705
Bio Compost		<u><b>2,838,055</b></u>	-
Raw Material Commercial cane		<u><b>4,344,950</b></u>	-
Spares and consumables		<u><b>90,236,650</b></u>	87,060,538
		<u><b>913,557,408</b></u>	<u>719,275,368</u>
<b>20 Trade and other receivable</b>			
Trade receivables (Note 20.1)		<u><b>622,095</b></u>	1,273,382
Other receivables (Note 20.2)		<u><b>82,177,133</b></u>	121,550,626
		<u><b>82,799,228</b></u>	<u>122,824,008</u>
<b>20.1 Trade receivable</b>			
Lanka Sugar Company (Pvt) Limited-Pelwatte		-	242,737
National water supply and drainage board		<u><b>79,045</b></u>	79,045
Employee Welfare & Death Donation Society		<u><b>527,000</b></u>	951,600
Watawala Dairy LTD		<u><b>16,050</b></u>	-
		<u><b>622,095</b></u>	<u>1,273,382</u>
<b>20.2 Other receivable</b>			
Advances		<u><b>38,861,897</b></u>	97,363,634
Prepayments		<u><b>5,880,012</b></u>	4,331,593
Farmer loan clearing-fertilizer and chemical		<u><b>37,435,224</b></u>	16,855,871
VAT receivable		<u><b>-</b></u>	2,999,529
		<u><b>82,177,133</b></u>	<u>121,550,626</u>

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

<i>As at 31<sup>st</sup> March,</i>		<b>2019</b>	<b>2018</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>21</b>	<b>Amounts due from related parties</b>		
	Gal Oya Holdings (Private) Limited	15,545,850	15,164,284
	Less: Impairment for related party receivables	<u>(12,392,179)</u>	<u>(12,392,179)</u>
		<b><u>3,153,670</u></b>	<b><u>2,772,105</u></b>
<b>22</b>	<b>Cash and cash equivalents</b>		
<b>22.1</b>	<b>Favourable cash and cash equivalents</b>		
	Cash in hand	578,913	454,492
	Cash at bank	<u>28,018,436</u>	<u>5,054,538</u>
		<b>28,597,348</b>	<b>5,509,030</b>
<b>22.2</b>	<b>Unfavourable cash and cash equivalents</b>		
	Bank overdraft	<u>(237,851,553)</u>	<u>(166,507,964)</u>
		<b><u>(209,254,205)</u></b>	<b><u>(160,998,935)</u></b>
<b>23</b>	<b>Stated capital</b>		
	<b>Issued and fully paid</b>	<b>% Holding</b>	<b>No of shares</b>
	Ordinary shares		<b>Amount</b>
	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
	<b>Total</b>		<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 31<sup>st</sup> March,</i>		<b>2019</b>	<b>2018</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>24</b>	<b>Retirement benefit obligations</b>		
	Present value of unfunded gratuity	<u>50,727,388</u>	39,401,774
	Total present value of the obligation.	<b><u>50,727,388</u></b>	<b><u>39,401,774</u></b>
	<b>Movement in the present value of the defined benefit obligations</b>		
	Balance at the beginning of the year	39,401,774	27,328,453
	Current service cost	7,051,943	6,118,177
	Interest cost	4,334,195	3,279,414
	Actuarial (gains) / losses	3,430,246	4,911,133
	Benefit paid	<u>(3,490,770)</u>	<u>(2,235,404)</u>
	Balance at the end of the year.	<b><u>50,727,388</u></b>	<b><u>39,401,774</u></b>
	<b>Expense recognised in the statement of profit or loss</b>		
	Current service cost	7,051,943	6,118,177
	Interest on obligation	<u>4,334,195</u>	<u>3,279,414</u>
		<b><u>11,386,138</u></b>	<b><u>9,397,592</u></b>
	<b>Expense recognised in the other comprehensive income</b>		
	Actuarial (gains) / losses	<u>3,430,246</u>	4,911,133
		<b><u>3,430,246</u></b>	<b><u>4,911,133</u></b>

As at 31<sup>st</sup> March 2019 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 31<sup>st</sup> March 2019, has been determined on the recommendation on this report. Following key assumptions were made arriving at the above figures.

<i>As at 31<sup>st</sup> March,</i>	<b>2019</b>	<b>2018</b>
(i)Rate of discount	11%	11%
(ii)Salary increment rate		
Executive staff	9%	9%
Non executive staff	9%	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	49,072,566
One percentage point decrease (-1%) in discount rate	52,526,006
One percentage point increase (+1%) in salary escalation rate	52,661,894
One percentage point decrease (-1%) in salary escalation rate	48,918,507

As at 31<sup>st</sup> March,

	2019 Rs.	2018 Rs.
<b>25 Interest bearing loans and borrowings</b>		
From related parties (note 25.1)	6,845,817,373	6,309,008,499
From non related parties (note 25.2)	257,600,000	185,000,032
Farmer loan reimbursement (note 25.3)	297,396,844	57,052,770
	<b>7,400,814,217</b>	<b>6,551,061,302</b>
<b>Movement of interest bearing loans and borrowings</b>		
<i>From related parties</i>		
Balance as at the beginning of the year	6,309,008,499	5,218,075,136
Loans obtained during the year	1,059,000,000	1,335,919,008
Repayment during the year	(522,191,126)	(244,985,645)
<b>Balance as at the end of the year</b>	<b>6,845,817,373</b>	<b>6,309,008,499</b>
<i>From non related parties</i>		
Balance as at the beginning of the year	185,000,032	94,355,576
Loans obtained during the year	200,000,000	150,000,000
Repayment during the year	(127,400,032)	(59,355,544)
<b>Balance as at the end of the year</b>	<b>257,600,000</b>	<b>185,000,032</b>
<i>Farmer loan reimbursement</i>		
Balance as at the beginning of the year	57,052,770	24,119,700
Loans obtained during the year	280,320,000	50,927,371
Repayment during the year	(39,975,927)	(17,994,300)
<b>Balance as at the end of the year</b>	<b>297,396,844</b>	<b>57,052,770</b>

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

As at 31<sup>st</sup> March,

	2019 Rs.	2018 Rs.
<b>26 Finance lease obligations</b>		
Balance at the beginning of the year	322,673,213	188,200,097
Lease obtained during the year	-	210,823,201
	322,673,213	399,023,298
Total repayment made	(79,511,724)	(76,350,085)
	243,161,489	322,673,213
Less : interest in suspense	(73,611,646)	(114,616,245)
<b>Net lease obligation</b>	<b>169,549,843</b>	<b>208,056,968</b>
<i>Payable with in one year</i>	39,294,950	37,943,951
<i>Payable after one year</i>	130,254,893	170,113,017
	<b>169,549,843</b>	<b>208,056,968</b>
<b>27 Trade and other payables</b>		
Trade payables	68,188,112	87,095,426
Other payable (Note 27.1)	192,506,408	81,400,736
	<b>260,694,520</b>	<b>168,496,162</b>
<b>27.1 Other payable</b>		
Other payable	28,672,600	44,490,548
Interest payables	8,408,221	553,239
Accrued expenses	143,280,054	36,107,278
Value Added Tax payable	988,850	-
Nations Building Tax payable	8,694,512	249,671
ESC Payable	2,462,171	-
	<b>192,506,408</b>	<b>81,400,736</b>
<b>28 Amount due to related parties</b>		
LOLC Holdings PLC	194,124,508	123,844,492
Browns & Company PLC	354,794,133	346,445,000
Commercial Leasing & Finance PLC	7,733,595	220,370
LOLC Finance PLC	10,034,750	10,677,973
LOLC Factors Ltd	1,137,143,556	386,486,032
Seylan Bank PLC	-	2,012,498
AgStar PLC	-	16,862,500
Commercial Trust Technologies (Pvt) Ltd	113,208,337	-
Saakya Capital (Pvt) Ltd	119,791,665	-
	<b>1,936,830,544</b>	<b>886,548,864</b>

**GALOYA PLANTATIONS (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

	Repayment per Type of facility	Interest rate	Security pledged	31st March 2018	
				Rs.	Rs.
<b>25.1 From related parties</b>					
LOLC Holdings PLC	N/A	18%	N/A	233,683,917	233,683,917
LOLC Holdings PLC	N/A	15%-21%	N/A	692,000,000	400,000,000
Brown & Company PLC	N/A	18%	N/A	335,877,555	335,877,555
LOLC Factors Limited	N/A	22.50%	N/A	1,786,743,855	1,786,743,855
LOLC Factors Limited	N/A	15%-18%	N/A	930,519,832	935,106,840
Commercial Leasing & Finance PLC	N/A	16%-19%	N/A	200,000,000	200,000,000
Commercial Leasing & Finance PLC	36 Months	23%	N/A	29,629,869	41,648,653
Commercial Leasing & Finance PLC	36 Months	19%	N/A	26,694,024	44,615,679
Saakya Capital (Pvt) Ltd	24 Months	19%-19.50%	N/A	1,500,000,000	1,500,000,000
Seylan Bank PLC	12 Months	13.5%-14.5%	N/A	389,000,000	100,000,000
Commercial Trust Technologies	24 Months	19%	N/A	650,000,000	650,000,000
LOLC Finance PLC	60 months	21%	N/A	71,668,321	81,332,000
				<b>6,845,817,373</b>	<b>6,309,008,499</b>
<b>25.2 From non related parties</b>					
Peoples Bank	3 Months	AWPLR + 2.5% p.a	Corporate guarantee from Brown & Company	150,000,000	150,000,000
Peoples Bank		AWPLR + 2.5% p.a	Corporate guarantee from Brown & Company	107,600,000	-
Bank of Ceylon	60 months	AWPLR + 3.5% p.a	A corporate guarantee from Brown & Company PLC and LOLC Holdings PLC	-	35,000,032
				<b>257,600,000</b>	<b>185,000,032</b>
<b>25.3 Farmer Loan Reimbursement</b>					
Bank of Ceylon	36 months	6.5%-10%	MOU	17,076,844	57,052,771
				17,076,844	57,052,771
HNB	12 Months	6.5%	MOU	280,320,000	-
				<b>280,320,000</b>	<b>-</b>
				<b>7,400,814,217</b>	<b>6,551,061,302</b>
			Total		
			Payable within one year	3,643,102,170	2,848,358,129
			Payable after one year	3,757,712,047	3,702,703,173
				<b>7,400,814,217</b>	<b>6,551,061,302</b>

**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 31<sup>st</sup> March 2019.

The Company is an associate of Lanka ORIX Leasing Company PLC and Browns & Company PLC. Lanka ORIX Leasing Company PLC holds 26.95% and Brown & Company PLC holds 22.05% of the ordinary shares as at 31<sup>st</sup> March 2019.

**(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.

**(iii) Loans to directors**

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

**(iv) 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 31<sup>st</sup> March 2019.

**30 Related party disclosures are as follows ;**

Name of Company	Relationship	Nature of transaction	Amount involved	Balance due to / (from) 2019	Balance due to / (from) 2018
Gal Oya Holdings ( Pvt) Ltd	Management company	Rent income	-	(3,153,670)	(2,772,105)
		Expenses reimbursement	(381,566)		
Brown & Company PLC	Affiliate	Interest costs on loans	133,349,133	690,671,688	682,322,555
		Interest paid for loans	(125,000,000)		
LOLC Holdings PLC	Affiliate	Interest costs	176,794,324	1,119,808,425	757,528,409
		Interest paid	(106,514,308)		
		Loan obtained	412,000,000		
		Loan repayment	(120,000,000)		
Commercial Leasing & Finance PLC	Affiliate	Interest costs	53,712,587	264,057,488	286,484,702
		Lease interest	4,147,547		
		Interest paid	(45,978,992)		
		Lease interest paid	(4,367,917)		
		Loan repayment	(29,940,439)		
LOLC Factors Limited	Affiliate	Interest costs	898,167,629	3,854,407,243	3,108,336,728
		Interest paid	(152,097,114)		
LOLC Finance PLC	Affiliate	Loan interest	16,127,761	81,703,071	92,009,973
		Loan interest paid	(15,306,726)		
		Loan repayment	(9,663,679)		
		Lease Interest	35,172,424		
		Lease Interest Paid	(36,636,682)		
AgStar PLC	Affiliate	Purchases	2,544,253	-	16,862,500
		Payment for the Purchase	(19,406,753)		
Saakya Capital (Pvt) Ltd	Affiliate	Interest costs	287,499,996	1,619,791,665	1,500,000,000
		Interest paid	(167,708,331)		
Scylan Bank PLC	Affiliate	Interest costs	6,976,188	389,000,000	102,012,498
		Interest paid	(8,988,686)		
		Loan obtained	647,000,000		
		Loan repayment	(358,000,000)		
Commercial Trust Technologies (Pvt) Ltd	Affiliate	Interest costs	123,500,004	763,208,337	650,000,000
		Interest paid	(10,291,667)		

**31 Capital commitments**

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

*As at 31<sup>st</sup> March,*

	2019 U.S.Dollars	2018 U.S.Dollars
Approximate amount approved but not contracted for,	-	-
Approximate amount contracted for but not incurred	114,114	117,500

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.

**GALOYA PLANTATIONS (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**37 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		
						Rs.	Rs.	Rs.
<b>As at 31<sup>st</sup> March 2019</b>								
<b>Financial assets measured at fair value</b>								
<b>Financial assets not measured at fair value</b>								
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	-	-	-
		<b>530,563,850</b>			<b>530,563,850</b>			
<b>Financial liabilities not measured at fair value</b>								
28	-	-	1,936,830,544	-	1,936,830,544	-	-	-
27	-	-	117,414,466	143,280,054	260,694,520	-	-	-
22.2	-	-	237,851,553	-	237,851,553	-	-	-
25	-	-	7,400,814,217	-	7,400,814,217	-	-	-
26	-	-	169,549,843	-	169,549,843	-	-	-
			<b>9,862,460,624</b>	<b>143,280,054</b>	<b>10,005,740,678</b>			
<b>As at 31<sup>st</sup> March 2018</b>								
<b>Financial assets measured at fair value</b>								
<b>Financial assets not measured at fair value</b>								
20.1	-	1,273,382	-	-	1,273,382	-	-	-
20.2	-	121,550,626	-	-	121,550,626	-	-	-
17	-	290,125,906	-	-	290,125,906	-	-	-
21	-	2,772,105	-	-	2,772,105	-	-	-
22.1	-	5,509,030	-	-	5,509,030	-	-	-
		<b>421,231,048</b>			<b>421,231,048</b>			
<b>Financial liabilities not measured at fair value</b>								
28	-	-	886,548,864	-	886,548,864	-	-	-
27	-	-	132,388,884	36,107,278	168,496,162	-	-	-
22.2	-	-	166,507,964	-	166,507,964	-	-	-
25	-	-	6,551,061,302	-	6,551,061,302	-	-	-
26	-	-	208,056,968	-	208,056,968	-	-	-
			<b>7,944,563,983</b>	<b>36,107,278</b>	<b>7,980,671,261</b>			

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

**38 Financial risk management**

**Overview**

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

- 38.1 Credit risk**
- 38.2 Liquidity risk**
- 38.3 Market risk**
- 38.4 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.

**38.1 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	
	31/03/2019	31/03/2018
Trade receivable	622,095	1,273,382
Advances	38,861,897	97,363,634
Prepayments	5,880,012	4,331,593
Farmer loan clearing account	37,435,224	16,855,871
Cash at bank	28,018,436	5,054,538
Cash in hand	578,913	454,492

**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.

**GAL OYA PLANTATIONS (PRIVATE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**38.2 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.

**38.3 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.

**38.4 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 the 28<sup>th</sup> day of August 2020 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 31<sup>st</sup> March 2019 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 Board

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.  
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,

K.A.K.P. Gunawardena	or failing him
D. Abeyrathne	or failing him
W.Batagoda	or failing him
D.M.L.Bandaranayake	or failing him
Lt. Col. Ranjith Ellagala	or failing him
Ms. S. Hettiarachchi	or failing her
Keerthi Kotagama	or failing him
Padmalal Perera	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 ..... 2019 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed this.....day of .....2020

.....  
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 <sup>th</sup> October 2006	
COMPANY REG.NO.	:	PV 7601	
REGISTERED OFFICE	;	481 T.B. Jayah Mawatha, (Darley Road) Colombo10. Tel.: 0115063000, Fax: 0112307380	
DIRECTORS (As at 31st March 2019)	:	K.B. Kotagama	- Chairman
		K.A.K.P. Gunawardena	- Director
		R.M.G.B. Rathnayake	- Director/CEO
		W.K.D.T Abeyrathne	- Director
		B.M.D.B. Basnayake	- Director
		W.Batagoda	- Director
		S.Giridaran	- Director
		D.M.L.Bandaranayake	- Director
		N.S.Wanasinghe	- 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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