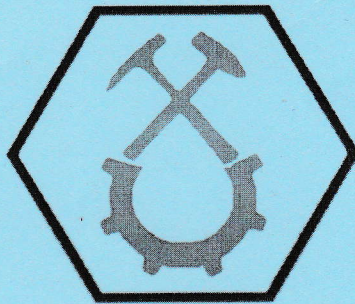


**MINISTRY OF INDUSTRY AND COMMERCE**

**KAHATAGAHA GRAPHITE LANKA LIMITED**

Fully Government owned Company



**ANNUAL REPORT**

**2018 / 2019**

**HEAD OFFICE**

561/3,  
Elvitigala Mawatha,  
Narahenpita,  
Colombo 05.

Telephone : 011 - 2368738  
Fax : 011 - 2058062  
Email : [kgll@sltnet.lk](mailto:kgll@sltnet.lk)  
Website : [www.kgraphite.lk](http://www.kgraphite.lk)

**MINES**

Kahatagaha Mine  
Maduragoda,  
Dodangaslanda.

Telephone : 037-2252015  
Fax : 037-4931711



# INTRODUCTION

## Kahatagaha Graphite Mines

Kahatagaha Mines are located in North Western Province of Sri Lanka at Maduragoda, **Dodangaslanda** in Kurunegala District, approximately 90 km. from the capital of Colombo, and managed by **Kahatagaha Graphite Lanka Limited** (KGLL). It is a fully government owned public limited liability Company, established under the Companies Act No. 07 of 2007, previewed by the Ministry of **Industry and Commerce**. The major shareholder of the company is the **Secretary to the Treasury**. Main policymaking body of KGLL is the Board of Directors, headed by Executive Chairman and KGLL derives the essence of its corporate policy from line Ministry and the Treasury.

Kahatagaha Mines is at the elevation of 25 meters in a hilly terrain at Maduragoda, Dodamgaslanda, in Ridigama Divisional Secretary Division and the extent of the land is approximately 102 acres. Out of 102 acres of surface land, 76 acres of coconut cultivation is managed by KGLL.

There are two major mines in Sri Lanka namely - Bogala mines and Kahatagaha mines. Kahatagaha Mine is a combination of two mines, which were operated since 1872 as Kahatagaha and Kolongaha Mines and after undertaking by the government in 1973, the two mines are amalgamated and work as a single mine.

The Mine is 2000 feet (610 meters) deep and it is the deepest mine in Sri Lanka. Accessibility to the mine is by 2 shafts. The shaft at Kahatagaha reaches to 1132 feet (345 meters) level and Kolongaha goes up to 330 feet (101 meters) level. The shafts are sinking to the mines from two different locations. The below the shafts, bottom levels are accessed by series of winches, which goes up to 2000 feet (610 meters) level. Main shaft and the winches are used to mobilize underground workers to various levels of the mine, from 1132 to 2000 feet levels and to extract run off mine. The mine extends as far as 500 meters, at its widest point.

## Uniqueness of Kahatagaha product

Sri Lanka is the only commercial source of supply of high Carbon Natural Crystalline Vein Graphite and particularly Kahatagaha Mine is capable of mining high purity Natural Vein Graphite over 99% carbon, in fully crystallized form. It is found as needles, lumps, rossets, and flakes, enjoying monopoly of high carbon crystalline vein graphite, with low ash content, having a proven reputation of world market acceptance as an unique product.

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# CHAIRMAN'S REVIEW

The period under review in KGLL did not come directly under my term of office. However, I am submitting this report as Chairman's review for the period 2018/2019, having assumed duties on 13.02.2020 under the Ministry of Industries, as Chairman. The year under review was substantially positive looking at the performance of the company.

## PRODUCTION

During the year under review of 2018/19, 732 M/T of graphite Run of Mine were extracted. This was a 2.4% decrease as against the previous year output of 750 M.T. The management now considering to amend the collective agreement to bring it more company effective level because employees always try to produce around the target and monthly production not increased in line with labor expenses.

## SALES & MARKETING

The processed graphite 530 M.T were exported for Rs.127.55Mn. during the year and revenue increased by Rs.4.15 Mn. When compared with the previous year revenue of Rs.123.4 Mn. Reasons for the improved income was orders received from Australian market for higher grade processed graphite specially for 97/99%C.

## FINANCIAL POSITION

Usually, most of our cost components was fixed in nature and management gave it's maximum effort to control expenses to increase profits. However the Company reported a loss of Rs.1.6 Mn. for the year before tax. This was an increase of Rs. 1.33 Mn. profit when compare with the previous year loss of Rs.2.93Mn..

## UNDERGROUND DEVELOPMENTS

However even we operated under the low finance. Necessary plants and equipment were provided. for underground development works. Nearly Rs.1.5 Mn. invested in for underground development.

## TRANSPORTATION

Rs.1.6 MN. Worth of crew cab purchased during the year in order to increase the internal transport facilities.

## COCONUT PLANTATION AND ESTATE DEVELOPMENT

We have already re-planted 52 acres of coconut plantation, The coconut estate well managed and provided 8 numbers of regular employees to maintain the estate and provided infrastructure facilities and fertilizer etc. under the inter plantation project pepper and banana plantation initiated with the assistance of export development board and maintaining well.



However about 50 acres of 102 acres of mines land were not in a position to use due to court case ordering neither party to use the particular land and as a result grown in to a jungle and being used by villagers. Further few ex-employees still occupying the employees quarters by force. More than 9 acres of land is being used by the Yowun Senankaya and Samurdhi Bank without any interest to the Company. Further some parts of the land belonging to the Company is being occupied by force and houses are built and occupied illegally.

## **WORKERS WELFARE AND PROBLEMS**


Workers relationship was maintained by way of participative management in order to improve the efficiency and effectiveness of the employees coupled with the resources and motivation. The underground laborer's behavior is different from that of the surface worker due to the risky nature and the environmental nature of the job.

Safety equipment and safety uniforms were provided on time. Underground equipment inclusive of the hoisting system is well maintained ensuring the safety of the employees. A Government doctor from Ridigama Hospital visits the Mines once a week to check the health condition of the workers, including their families. Annual medical checkup was conducted with the collaboration of Kurunegala Base Hospital and cases refer for medicine. Our medical center is being managed well by experienced male nurse with the available primary equipment and essential emergency medicines.

Whatever success achieved by KGLL during the year under review could not have been possible without the commitment and dedication of all the employees of this Organization, especially the underground workers. This contribution of the underground workers should always be remembered and appreciated as they are always exposed to risks.

The co-directors too continuously gave their unstinted support and cooperation to achieve betterment to the Company during the year under review.

I take this opportunity to thank to the Hon. Minister of Ministry of Industries ,the Hon. State Ministers of Ministry of Industries and , the Secretary and the entire staff of the Ministry of Industries, the Secretary to the Treasury and staff who extended their support to KGLL and specially the members of the Board of Directors and all employees of KGLL. Finally thank you from our organization goes to Auditor General of the Auditor General's Department and staff who extended their services satisfactorily this year too without hesitation as the Auditors of KGLL.

  
Eng. Neel Waththuhewa  
Chairman

**KAHATAGAHA GRAPHITE LANKA LIMITED**

22nd November 2021



# AUDIT COMMITTEE REPORT

## Role of the Audit Committee

The main object of the Audit Committee is encourage and safeguards the highest standards of integrity in financial reporting risk management. Compliance with statutory and regulatory requirement and maintenance of sound internal controls system.

## Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive Directors and chaired by a non Executive Director nominated by the General Treasury. Board Secretary performed as the converter of the committee. The composition of the Audit Committee is as follows.

Mr . A. D. L. G. Kalansuriya	- Chairman
Mr . Janith Dinuk Schokman	- Director
Mr. W. N. R. Damith Mewan	- Director
Mrs. Nilani Jayasiri	- Rep. Auditor General's Dept- Observer
Mr. B K M J Rodrigo	- Chief Internal Auditor, Ministry of Industries Observer

## Meetings and Attendance

Meetings of the committee are convened quarterly and meetings have been held during the year ended 31<sup>st</sup> March 2019. The Managerial officers of the company including the Accountant and the Auditor appointed from Ministry of Industries are invited to attend the meetings as and when required.

## Activities

The Audit Committee discharges its duties by reviewing and discussing the Draft final Accounts, Internal and External Audit Reports. The Audit Committee has reviewed these reports including recommended Additional controls and risk mitigation strategies of minimizing the possibility of occurrence and impact of fraud and errors, operational and financial risks faced by the Company. In every meeting committee had discussed the matters in the internal Audit Reports in depth and instructions / recommendations were given to the Management for rectifying the issued highlighted. Some matters were referred to the Board of Directors for decisions to be taken after further discussion.

The committee observed that the external Auditor has submitted a qualified opinion with regard to the final accounts of the year 2018/ 2019

On Behalf of the Committee.



**Chairman of the Audit Committee**

26.11.2021



## **CORPORATE VISION**

“TO BE THE UNIQUE SOURCE OF THE  
NATURAL CRYSTALLINE VEIN GRAPHITE  
IN THE WORLD”

## **CORPORATE MISSION**

“TO BE A DYNAMIC PARTNER WHO IS  
EFFECTIVE AND EFFICIENT IN THE  
ECONOMIC AND SOCIAL DEVELOPMENT  
OF SRI LANKA BY EARNING FOREIGN  
EXCHANGE WITH OPTIMUM UTILIZATION  
OF GRAPHITE MINERAL RESOURCE IN  
THE COUNTRY”

## **CORPORATE OBJECTIVES**

“THE BUSINESS OBJECTIVES OF THE  
COMPANY ARE, MINING AND  
PROCESSING FOR EXPORT OF HIGH  
PURITY QUALITY GRAPHITE AND  
MAXIMUM VALUE ADDITION AND  
DEVELOPING GRAPHITE BASED  
INDUSTRIES”



# ORGANIZATIONAL STRUCTURE

Kahatagaha Graphite Lanka Limited is organized under an Executive Chairman and a Board of Directors.

The operations of the Company are organized under the following areas:

- ✓ Mining
- ✓ Processing
- ✓ Mechanical & Electrical Engineering
- ✓ Marketing
- ✓ Personnel
- ✓ Administration
- ✓ Finance & Accounting
- ✓ Supplies & Stores
- ✓ General Civil Engineering
- ✓ Security



# **KAHATAGAHA GRAPHITE LANKA LIMITED**

## **ANNUAL REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

The Directors present herewith the audited Financial Statements for the year ended 31<sup>st</sup> March 2019. The Board of Directors is responsible for preparing and presenting the Financial Statements set out therein in accordance with the Sri Lanka Accounting Standards.

The Audited Financial Statements together with the Report of the Auditors thereon were approved by the Directors on 28<sup>th</sup> December 2021.

### **Principal Activities**

The principal activities of the Company were.

1. To carry on the business of the part designated in Kolongaha, Kahatagaha Mines of the State Mining and Mineral Development Corporation which was created by Gazette Order published under the State Industrial Corporation Act No 49 of 1957.
2. To succeed to the ownership of property movable and immovable owned by and used by the part designated as Kolongaha – Kahatagaha Mines of the said State Mining and Mineral Development Corporation.

### **Review of Operations and Financial Highlights**

The Financial Statements which include statement of profit or loss and comprehensive income, statement of financial position, statement of changes in equity and the notes to the financial statements of the company for the year ended 31<sup>st</sup> March 2019 are set out on pages from 3 to 25 of the Annual Report.

### **Respective Responsibilities of Directors and Auditors for the Financial Statements**

The Directors are responsible for the preparation of the Financial Statements so that they present a true and fair view of the state of affairs of the Company. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Companies Act No.07 of 2007, the Sri Lanka Accounting and Auditing Standard Act and the Continuing Listing Rules of the Colombo Stock Exchange.

### **Accounting Policies**

The details of the accounting policies adopted by the Company in preparation of the financial statements and the impact thereon, of changes in the Sri Lanka Accounting standard made during the year are disclosed on page no. 7 of the Financial Statement.



## **Property, Plant and Equipment**

The movements in property, plant and equipment during each year are set out in Note 20 to the Financial Statement.

## **Investments**

Company has invested Rs.12,822,661.00 in NSB Saving Account to discharge employees' gratuity obligation.

## **Donation**

Company has made no donations during the accounting period.

## **Auditor's Report**

The Report of the Auditors on the Financial Statements is included in the Annual Report.

## **Directors as at 31<sup>st</sup> March 2019**

The names of the Directors who held office as at 31<sup>st</sup> March 2019 are as follows:

### **Full Name**

Al Haj Mohamed Rafeek Mohamed Hamjad  
Mr. Ismail Mohamed Junais  
Mr. Chanaka Arampatta  
Mrs. Nainanayake Pathirannehelage Anuja Roshani Jayawardane  
Mr. A H M Alawi  
Mr. Uthumankandu Muhamed Nizar  
Dr. Balasooriya Mudiyanseelage Nanda Wipula Bandara Balasooriya

### **The Board of Directors declare as follows:**

- (1) The Company has not engaged in any activity which contravenes laws and regulations
- (2) All material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;
- (3) The Company has made all endeavors to ensure the equitable treatment of shareholders;
- (4) The business is a going concern, with supporting assumptions or qualifications as necessary; and they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith and, if it is unable to make any.

## Remuneration of Directors

The total remuneration of the Board of Directors during the year under review is given in note no. 13 of the Financial Statements.

## Directors interest in contracts and proposed contracts with the Company

The Directors interest in contracts and proposed contracts with the Company are disclosed in the Note No. 06 of the financial statements.

## Directors meetings

Details of the meetings of the Board of Directors are given below.

Name of the Director	No. of meetings attended
Al Haj M A Majeed	7/7
Mr. N P A R Jayawardena	7/7
Mr. I M Junais	7/7
Mr. B S Wimalasundara	5/7
Dr. N W B Balasooriya	7/7
Mr. U M Nizar	7/7

## Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to the Government and to the employees have been settled to date or provided for in the books of the Company.

## Contingent Liabilities and Capital Commitment

The Contingent liabilities and capital commitment made on account of capital expenditure as at 31<sup>st</sup> March 2019 are given in Note 8 of the Financial Statements.

## Events after balance sheet date

The materiality of events after balance sheet was considered and where necessary, appropriate adjustments or disclosures have been made.

## Post Balance Sheet Events

There are no significant events that have occurred after the balance sheet date which would have any material effect on the Company that require adjustments.

## Going Concern

The Directors are confident that the company has adequate resources to continue business operations. Accordingly, the Directors consider that it is appropriate to adopt the going concern basis in preparing the Financial Statements.



### Contingent Liabilities

Details with regard to the contingent liabilities are given in note no. 8 to the financial statement.

### Auditors

The Auditor General served as the Auditor during the year under review as the Auditor of the Company. The Auditor General has confirmed that he has had no interest in or relationship other than that of Auditors. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Fees payable to the Auditors for the financial year is given in Note 14 to the Financial Statements.

**BY ORDER OF THE BOARD OF KAHATAGAHA GRAPHITE LANKA LIMITED**

  
.....  
Director

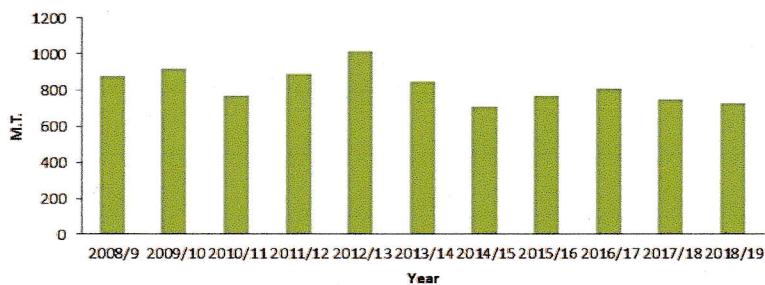
ACCOUNTING SYSTEMS SECRETARIAL  
.....  
Systeme

.....  
ACS (Pvt) Ltd.....  
DIRECTOR / SECRETARY

# Financial Highlights

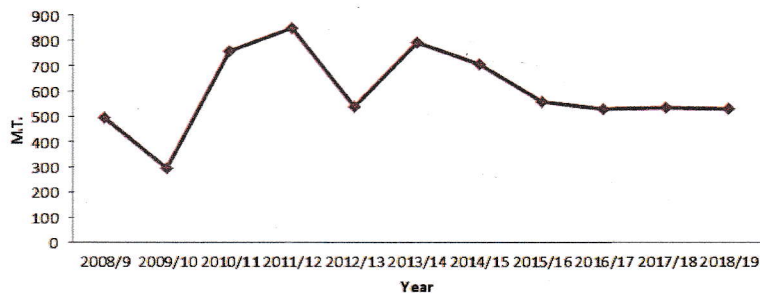
## Production

Year	M.T.
2008/9	877
2009/10	915
2010/11	771
2011/12	888
2012/13	1018
2013/14	848
2014/15	712
2015/16	771
2016/17	811
2017/18	750
2018/19	732



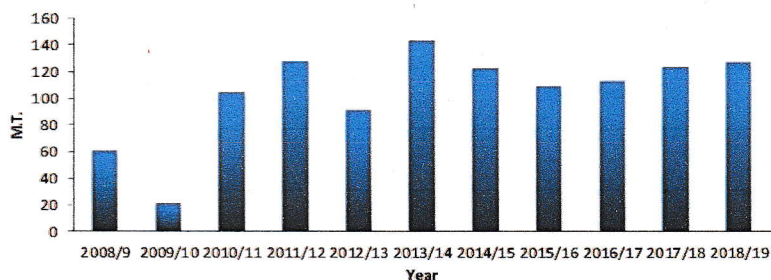
## Sales

Year	M.T.
2008/9	497
2009/10	295.2
2010/11	760.3
2011/12	850.3
2012/13	537.8
2013/14	793
2014/15	708.5
2015/16	558.6
2016/17	530
2017/18	537
2018/19	530



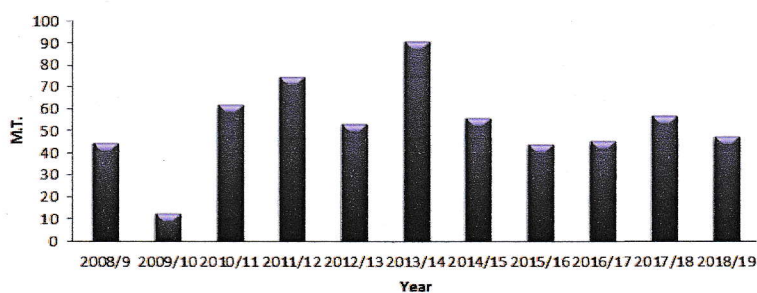
## Revenue

Year	Rs.Mn.
2008/9	60.4
2009/10	21.1
2010/11	105
2011/12	128
2012/13	91.6
2013/14	143.6
2014/15	122.5
2015/16	109
2016/17	112.4
2017/18	123.4
2018/19	127.55



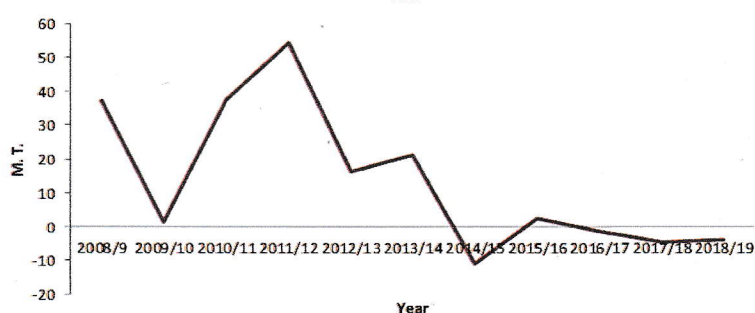
## Gross Profit

Year	Rs.Mn.
2008/9	44.8
2009/10	13.1
2010/11	62.4
2011/12	74.9
2012/13	53.5
2013/14	91.36
2014/15	56.35
2015/16	44.08
2016/17	45.47
2017/18	57.19
2018/19	47.89



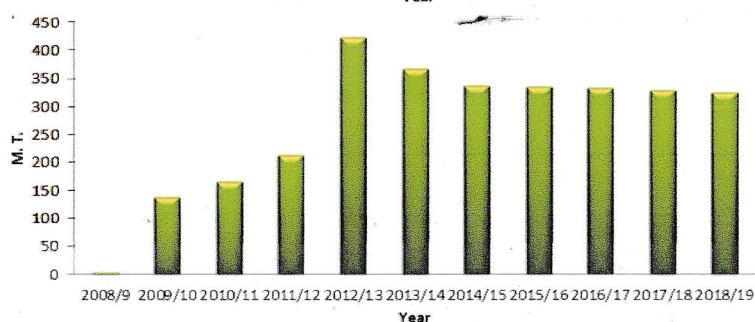
## Net Profit Before Tax

Year	Rs.Mn.
2008/9	37.3
2009/10	1.5
2010/11	37.7
2011/12	54.3
2012/13	16.4
2013/14	21.18
2014/15	-10.84
2015/16	2.39
2016/17	-1.41
2017/18	-4.39
2018/19	-3.88



## Net Assets

Year	Rs.Mn.
2008/9	4.4
2009/10	137
2010/11	166
2011/12	214
2012/13	423.4
2013/14	367.5
2014/15	337
2015/16	336
2016/17	334
2017/18	329.7
2018/19	325.82





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# **KAHATAGAHA GRAPHITE LANKA LIMITED**

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## **ANNUAL ACCOUNTS 2018/19**

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**FROM 01 APRIL 2018 TO 31 MARCH 2019**

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<p style="text-align: center;"><b>KAHATAGAHA GRAPHITE LANKA LIMITED</b> <b>ACCOUNTS 2018/19</b></p>
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# **KAHATAGAHA GRAPHITE LANKA LIMITED**

*CORPORATE INFORMATION AS AT 31<sup>ST</sup> MARCH 2018*

**NAME OF THE COMPANY**  
KAHATAGAHA GRAPHITE LANKA LIMITED

**LEGAL FORM**  
LIMITED LIABILITY COMPANY UNDER MINISTRY OF FINANCE

**SHAREHOLDING & OWNERSHIP**  
100% OWNED BY SECRETARY TO THE TREASURY ON BEHALF OF THE GOVERNMENT OF SRI LANKA

**REGISTERED OFFICE (HEAD OFFICE)**  
No. 561/3, ELVITIGALA MAWATHA, NARAHENPITA, COLOMBO 05.

**MINES**  
KAHATAGAHA MINE, MADURAGODA, DODANGASLANDA.

<b><u>HEAD OFFICE</u></b>	<b><u>COMMUNICATION</u></b>	<b><u>MINES</u></b>
TELE : 011 - 2368738	TELE : 037 - 2252015	
FAX : 011 - 2058062	FAX : 037 - 4931711	
E MAIL : kgll@sltnet.lk		
WEBSITE : www.kgraphite.lk		

**STATUTORY STATUS**  
LIMITED LIABILITY COMPANY INCORPORATED IN SRI LANKA UNDER  
THE COMPANIES ACT NO. 7 OF 2007.

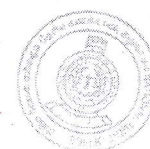
**COMPANY REGISTRATION NO**  
PB 1513

**DIRECTORS AS AT 31<sup>ST</sup> MARCH 2018**  
AL HAJ MEERASAHIBU ABDHUL MAJEED  
ISMAIL MOHAMED JUNAIS  
MOHAMED SHARIFF LIAQUATH ALIKHAN  
NAINANAYAKE PATHIRANNEHELAGE ANUJA ROSHANI JAYAWARDANE  
BANDULA SENADHI WIMALASUNDERA  
UTHUMANKANDU MUHAMED NIZAR  
BALASOORIYA MUDIYANSELAGE NANDA WIPULA BANDARA BALASOORIYA

**SECRETARY**  
ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD  
NO. 02, CASTLE LANE, COLOMBO 04.

**AUDITORS**  
**AUDITOR GENERAL OF SRI LANKA**  
**ASSISTED BY**  
ERNST & YOUNG,  
CHARTERED ACCOUNTANTS,  
NO. 201, DE SERAM PLACE,  
COLOMBO 10.

**BANKERS**  
BANK OF CEYLON  
KOLLUPITIYA AND REDIGAMA.







## 1.2 තත්ත්වගණනය කළ මතය සඳහා පදනම

(අ) කුඩා හා මධ්‍ය පරිමාණයේ ආයතන සඳහා වූ ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිත 17.19 ඡේදය ප්‍රකාරව ජංගම නොවන වත්කම්වල ඵලදායී ජීව කාලය වාර්ෂිකව සමාලෝචනය නොකිරීම හේතුවෙන් සම්පූර්ණයෙන්ම ක්ෂයකර අවසන්ව ඇති රු.4,186,357 ක් වූ ස්ථාවර වත්කම් අයිතම 55 ක් තවදුරටත් ප්‍රයෝජනයට ගනිමින් පැවතියද එම ඇස්තමේන්තුගත දෝෂය ප්‍රමිතයේ 10.15 - 10.18 ඡේද ප්‍රකාරව ප්‍රතිශෝධනය කර නිවැරදි ධාරණ අගය මූල්‍ය ප්‍රකාශනවල නිරූපනය කිරීමට කටයුතු කර නොතිබුණි.

(ආ) දීර්ඝ කාලයක සිට සේවා ගිවිසුම සංශෝධනය නොකිරීම හේතුවෙන් මිල ගණන් සංශෝධනය නොවූවද ආරක්ෂණ සේවා සපයන ආයතනය වැඩිමිල ගණන් යටතේ ඉන්වොයිස් ඉදිරිපත් කර තිබුණි. එසේ වුවද සමාගම විසින් ගිවිසුමක් වටිනාකම ගෙවීම නිසා ඉන්වොයිස් වටිනාකම හා ගෙවන ලද ප්‍රමාණය අතර පැවති රු. 2,721,505 ක වෙනස වෙනත් ආදායමක් ලෙස සමාලෝචිත වර්ෂයේ ගිණුම්ගත කර තිබුණි. ඒ අනුව මූල්‍ය ප්‍රකාශනවලින් නිරූපනය වන වෙනත් ආදායම් එම ප්‍රමාණයෙන් වැඩි වී තිබුණි.

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

## 1.3 මූල්‍ය ප්‍රකාශන පිළියෙල කළමනාකරණයේ සහ පාලනය කරන පාර්ශවයන්ගේ වගකීම

මෙම මූල්‍ය ප්‍රකාශන කුඩා හා මධ්‍ය පරිමාණයේ ආයතන සඳහා වූ ශ්‍රී ලංකා ගිණුම්කරණ ප්‍රමිතවලට අනුකූලව පිළියෙල කිරීම හා සාධාරණ ලෙස ඉදිරිපත් කිරීම සහ වංචා හෝ වැරදි හේතුවෙන් ඇතිවිය හැකි ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශයන්ගෙන් 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 විගන්තිය 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.

#### 1.4 මූල්‍ය ප්‍රකාශන විගණනය සම්බන්ධයෙන් විගණකගේ වගකීම

සමස්තයක් ලෙස මූල්‍ය ප්‍රකාශන, වංචා සහ වැරදි නිසා ඇතිවන ප්‍රමාණාත්මක සාවද්‍ය ප්‍රකාශනයන්ගෙන් තොර බවට සාධාරණ තහවුරුවක් ලබාදීම සහ මාගේ මතය ඇතුළත් විගණකගේ වාර්තාව නිකුත් කිරීම මාගේ අරමුණ වේ. සාධාරණ සහතිකවීම උසස් මට්ටමේ සහතිකවීමක් වන නමුත්, ශ්‍රී ලංකා විගණන ප්‍රති ප්‍රකාරව විගණනය සිදු කිරීමේදී එය සැමවිටම 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 ප්‍රති 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 මහඟුරා 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 මහඟුරීම හෝ අභ්‍යන්තර පාලනයන් මහඟුරීම වංචාවක් ඇතිවීමට හේතුවේ.
- අවස්ථාවෝචිතව උචිත විගණන පටිපාටි සැලසුම් කිරීම පිණිස සමාගමේ අභ්‍යන්තර පාලනය සම්බන්ධයෙන් අවබෝධයක් ලබා ගන්නා ලද නමුත්, අභ්‍යන්තර පාලනයේ සඵලදායීත්වය 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 සමාගමේ අඛණ්ඩ පැවැත්ම පිළිබඳ පදනම් යොදා ගැනීමේ අදාළත්වය 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 ලක් කළ අතර ඒ සඳහා පාදක වූ ගනුදෙනු හා සිද්ධීන් උචිත හා සාධාරණ අයුරින් මූල්‍ය ප්‍රකාශනවල ඇතුළත් බව අගයන ලදී.

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

## 2. වෙනත් තෛතික 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(2) (ඇ) වගන්තියේ සහ 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (අ) වගන්තියේ සඳහන් අවශ්‍යතාවන් අනුව, මාගේ වාර්තාවේ තත්ත්වවගණනය කළ මතය සඳහා පදනම් 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 සමාගම් 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 සමාගම් ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශන ඉකුත් වර්ෂය සමඟ අනුරූප වේ.
- 2018 අංක 19 දරන ජාතික විගණන පනතේ 6(1) (ඇ) (iv) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව ඉකුත් වර්ෂයේදී මා විසින් සිදුකරන ලද නිර්දේශයන් ඉදිරිපත් කරන ලද මූල්‍ය ප්‍රකාශනවල ඇතුළත්ව ඇත.

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

- 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (ඇ) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව සමාගමේ අධ්‍යක්ෂ මණ්ඩලයේ යම් සාමාජිකයෙකුට සමාගමේ සම්බන්ධී යම් ගිවිසුමක්

සම්බන්ධයෙන් සෘජුව හෝ අන්‍යාකාරයකින් සාමාන්‍ය ව්‍යාපෘතික තත්වයෙන් බැහැරව සම්බන්ධයක් ඇති බව.

- 2018 අංක 19 දරන ජාතික විගණන පනතේ 12 (3) වගන්තියේ සඳහන් අවශ්‍යතාවය අනුව පහත සඳහන් නිරීක්ෂණ හැර යම් අදාළ ලිඛිත නීතියකට හෝ සමාගමේ අධ්‍යක්ෂ මණ්ඩලය විසින් නිකුත් කරන ලද වෙනත් පොදු හෝ විශේෂ විධානවලට අනුකූල නොවන ලෙස ක්‍රියා කර ඇති බව.

නීතිරීති / විධානයට යොමුව	විස්තරය
(අ) 2013 සැප්තැම්බර් 11 දිනැති රාජ්‍ය ව්‍යාපාර ව්‍යුලේඛ අංක 02/2013	ව්‍යුලේඛ ප්‍රතිපාදන ප්‍රකාරව 2019 මාර්තු 31 දිනට රු.17,297,407 ක් වූ පාරිභෝගික වෙන්කිරීම්වලට සමාන මුදල් ප්‍රමාණයක් ආයෝජනය කළ යුතු වුවත්, එදිනට ආයෝජනය රු. 4,474,746 ක් ලාභ විය.
(ආ) 2018 ජූලි 18 දිනැති කළමනාකරණ සේවා ව්‍යුලේඛ අංක 03/2018 හි 1(ii) ඡේදය	<p>(i) අවම නිෂ්පාදනය මෙට්‍රික් ටොන් 65 ක් වූ විට මිනි තුළ හා නඩත්තු අංශයේ සේවකයන්ට දෛනිකව රු. 300 ක දීමනාවක්ද ද, සැකසුම් අංශයේ හා කාර්යාලයේ කාර්ය මණ්ඩලයට පිළිවෙලින් දීමනාවෙන් සියයට 50 ක් හා සියයට 40 ක් වශයෙන් දිරිදීමනාවක් ගෙවා තිබුණද ඒ සඳහා කළමනාකරණ සේවා දෙපාර්තමේන්තුවේ අනුමැතිය ලබාගෙන නොතිබුණි.</p> <p>(ii) අනුමැතියකින් තොරව සියලු සේවකයින් ආවරණය වන පරිදි සමූහ වෛද්‍ය රක්ෂණවරණයක් වෙනුවෙන් රු.872,736 ක වාරික මුදලක් සමාලෝචිත වර්ෂය තුළ ගෙවා තිබුණි.</p>
(ඇ) 2007 ඔක්තෝබර් 04 දිනැති අංක DMS/11P/C9 දරන කළමනාකරණ සේවා දෙපාර්තමේන්තු ලිපිය	(i) අනුමත කළ නිලධාරීන් 79 දෙනෙකු සමාගමට බඳවාගත යුත්තේ මාස 06 ක කොන්ත්‍රාත් කාලයකට යටත්ව වන අතර ලාභදායීත්වය මත කොන්ත්‍රාත් කාලය දීර්ඝ කිරීමට සලකා බැලිය යුතුවන දක්වා තිබුණි. එසේ වුවද ඊට



පටහැනිව 2014 නොවැම්බර් 12 දිනැති රාජ්‍ය පරිපාලන හා ස්වදේශ කටයුතු අමාත්‍යාංශය විසින් නිකුත් කරන ලද 25/2014 දරන චක්‍රලේඛය සමාගම් සම්බන්ධයෙන් අදාළ නොවූවද එම චක්‍රලේඛය ප්‍රකාරව ආයතනයේ සේවකයින් 59 ක් ස්ථිර කර තිබුණි.

(ii) කොන්ත්‍රාත් කාර්ය මණ්ඩලය සඳහා වූ බඳවාගැනීමේ පරිපාටිය අනුමත කරගෙන නොතිබූ අතර, සමාලෝචිත වර්ෂය අවසාන වන විටත් සමාගම සඳහා කළමනාකරණ සේවා දෙපාර්තමේන්තුවේ අනුමත ස්ථිර කාර්යය මණ්ඩලයක් නොවූවද, සමාගමේ තත්‍ය කාර්යය මණ්ඩලය 195 ක් විය.

(ආ) 2015 ජූලි 10 දිනැති අංක 2006 වර්ෂයේ සිට නිෂ්ක්‍රීයව පවතින රු. 613,000 ක් 02/2015 දරන රාජ්‍ය මුදල් වර්තා සමාගම සතු පීප් රථය සම්බන්ධව චක්‍රලේඛ චක්‍රලේඛයේ 03 වගන්තිය ප්‍රකාර අපහරණය කිරීමට කටයුතු කර නොතිබුණි.

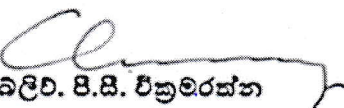
(ඇ) 2017 දෙසැම්බර් 21 දිනැති 2015 වර්ෂයේ කර්මාන්ත හා වාණිජ කටයුතු අංක 02/2017 දරන විත්තම් අමාත්‍යාංශය මගින් සමාගම වෙත භාරදුන් නිසාත් කළමනාකරණ චක්‍රලේඛයේ වර්ෂයේ වෑන් රථය භාරදී වසර 05 කට ආසන්න 2(1) වගන්තිය කාලයක් ගතවී ඇතත් වාහනය පවරා ගැනීමට කටයුතු කර නොතිබුණි.

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

(ඈ) එක් එක් වර්ෂයේ නිෂ්පාදන ඉලක්ක හඳුනාගෙන ඒ අනුව මාසික නිෂ්පාදනය සැලසුම් කර ප්‍රගතිය මැනීම මගින් නිෂ්පාදන ධාරිතාව වර්ධනය කර ගැනීමට උපායමාර්ග සකස් කිරීම කළ යුතු වුවත්, පසුගිය වර්ෂ 03 හි සාමාන්‍ය මාසික නිෂ්පාදනය මෙට්‍රික් ටොන්

(MT) 65 ක මට්ටමක පැවතියද එය වර්ධනය කර ගැනීමට සමාලෝචිත වර්ෂය තුළදී ද නොහැකි වී තිබුණි.

- (ආ) නිෂ්පාදනයෙන් සියයට 12 ක ප්‍රතිශතයක් සාමාන්‍ය අපනය ලෙස හඳුනාගෙන ඇතත් එම අනුපාතය විසීමත්ව හඳුනාගත් ප්‍රතිශතයක් බවට විගණනයට නිරීක්ෂණය නොවීය.
- (ඇ) සමාගමේ තොග පිරිවැටුම් වාර ගණන 0.6 සහ තොග තේවායක කාලය දින 608 ක් වීම මත නිෂ්පාදනය වන තොග අලෙවි කිරීමට දීර්ඝ කාලයක් ගත වීම මත අකාර්යක්ෂම මෙහෙයුම් ක්‍රියාවලියක් පවතින බව නිරීක්ෂණය විය.
- (ඈ) අයකර ගත් යුතු භාණ්ඩ හා සේවා බදු වශයෙන් ගිණුම් වල දක්වා තිබූ රු.5,559,581 ක වටිනාකමෙහි නිවැරදිතාවය තහවුරු කර ගෙන එම ප්‍රමාණය අය කිරීමට හෝ ගෙවිය යුතු බදු වලට හිලවී කිරීමට පියවර ගෙන නොතිබුණි.

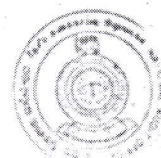
  
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විගණකාධිපති



## STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31<sup>st</sup> MARCH

	NOTES	2018/2019 LKR	2017/2018 LKR
<b>REVENUE</b>			
Sale of Graphite	10	127,558,406	123,407,840
Direct Cost, Mining Cost	11	(79,665,919)	(66,216,854)
<b>GROSS PROFIT/(LOSS)</b>		<b>47,892,487</b>	<b>57,190,986</b>
Sundry Income	12	1,113,351	6,160,677
<b>LESS: OPERATING COST</b>			
Personnel Cost	13	(23,372,200)	(21,502,843)
Establishment & Administration Cost	14	(8,925,004)	(6,468,012)
Maintenance Cost	15	(580,188)	(981,095)
Utility Cost	16	(593,039)	(631,841)
Depreciation Cost	17	(5,950,869)	(6,496,680)
Gain on Foreign Exchange Gain/Loss		1,364,503	(2,043,058)
Defined Contribution Plan - Gratuity		(2,510,595)	(4,388,750)
Administration Cost		(40,567,393)	(42,512,279)
Selling and Distribution Cost	18	(1,433,812)	(2,063,007)
Other Cost	19	(8,604,921)	(21,622,315)
<b>OPERATING PROFIT/(LOSS)</b>		<b>(1,600,289)</b>	<b>(2,845,938)</b>
Impairment			(85,885)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(1,600,289)</b>	<b>(2,931,823)</b>
Taxation		(2,329,262)	(1,935,552)
Deferred Tax Expenses		48,124	467,653
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>(3,881,427)</b>	<b>(4,399,722)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income / (loss) for the year			
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>(3,881,427)</b>	<b>(4,399,722)</b>




KAHATAGAHA GRAPHITE LANKA LIMITED


STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

	NOTES	2018/2019 LKR	2017/2018 LKR
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant & Equipment	20	178,112,451	191,247,967
Non Operating Assets	21	3,541,760	3,541,760
Coconut Plantation Development		1,694,235	1,694,235
Gratuity Investment Fund		12,822,661	6,587,639
Deferred Tax Assets		204,504	156,380
		<u>196,375,611</u>	<u>203,227,982</u>
<b>Current Assets</b>			
Stock	22	164,188,498	137,035,423
Debtors, Deposit & Receivable	23	13,010,803	12,502,892
Cash & Cash Equivalent	24	841,754	8,408,191
		<u>178,041,055</u>	<u>157,946,506</u>
<b>TOTAL ASSETS</b>		<u><b>374,416,666</b></u>	<u><b>361,174,488</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital And Reserves</b>			
Stated Capital	25	13,000,000	13,000,000
Retained Earnings		<u>312,822,111</u>	<u>316,703,538</u>
		<u><b>325,822,111</b></u>	<u><b>329,703,538</b></u>
<b>Long Term Liabilities</b>			
Gratuity Provision	27	17,297,407	14,899,666
NSB Loan Account - Purchase Air Compressor		<u>7,980,529</u>	<u>-</u>
		<u><b>25,277,936</b></u>	<u><b>14,899,666</b></u>
<b>Current Liabilities</b>			
Trade and Other Creditors	28	4,044,385	1,597,047
Provision For Taxation	29	3,765,011	4,451,046
Accrued Charges	30	<u>15,507,223</u>	<u>10,523,191</u>
		<u><b>23,316,618</b></u>	<u><b>16,571,284</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>374,416,666</b></u>	<u><b>361,174,488</b></u>

We certify that the Financial Statements have been prepared in compliance with requirements of the Companies Act No7 of 2007.

  
R.M.C.P.R. Manager  
Mines Manager  
Kahatagaha Graphite Lanka Ltd  
Maduragoda

  
A.C.W.W.M.R. Koswatta  
Accountant  
KAHATAGAHA GRAPHITE LANKA LIMITED  
A.C.W.W.M.R. Koswatta  
Accountant

The Board of Directors is responsible for the preparation of these Financial Statements signed for and on behalf of Board by

  
Neel Waththuhewa

Eng. Neel Waththuhewa  
B.Sc.(Mechanical Engineer)  
Chairman  
KAHATAGAHA GRAPHITE LANKA LIMITED

  
A.D.L.G. Kalansuriya

A. D. L. G. Kalansuriya  
Director  
Department of State Accounts  
General Treasury  
Colombo 01





## KAHATAGAHA GRAPHITE LANKA LIMITED

## STATEMENT OF CHANGES IN EQUITY

	Share Capital LKR	Revaluation Reserve LKR	Accumulated Profit/(Loss) LKR	Total LKR
Balance on 01st April 2017	13,000,000	-	321,103,303	334,103,303
Profit/(Loss) for the Year	-	-	(4,399,764)	(4,399,764)
Balance on 31 <sup>st</sup> March 2018	<u>13,000,000</u>	<u>-</u>	<u>316,703,538</u>	<u>316,703,538</u>
Balance on 01st April 2018	13,000,000	-	316,703,538	329,703,538
Profit/(Loss) for the Year	-	-	(3,881,427)	(3,881,427)
Balance on 31st March 2019	<u>13,000,000</u>	<u>-</u>	<u>312,822,111</u>	<u>325,822,111</u>



## STATEMENT OF CASH FLOW

YEAR ENDED 31<sup>ST</sup> MARCH

	2018/2019 LKR	2017/2018 LKR
<b>Cash Flows From/(Used in) Operating Activities</b>		
Net Profit/(Loss) before Income Tax Expenses	(1,600,289)	(2,931,823)
Adjustments for :		
Gratuity Provision	2,510,595	4,388,750
Prior Year Adjustment		(5,927,275)
Depreciation on Tangible Fixed Assets	21,113,966	21,547,947
Impairment on Non Operating Assets		85,885
Exchange Gain / (Loss)	1,364,503	(2,043,058)
<b>Operating Profit before Working Capital changes</b>	<b>23,388,775</b>	<b>15,120,426</b>
(Increase)/Decrease in Inventories	(27,153,075)	(11,128,291)
(Increase)/Decrease in Receivable	(507,911)	3,368,805
(Decrease)/Increase in Creditors	2,447,338	(1,025,797)
(Decrease)/Increase in Accruals	4,984,031	842,435
<b>Net Cash Flow From/(Used in) Operating Activities</b>	<b>3,159,159</b>	<b>7,177,597</b>
<b>Cash Flow From/(Used in) Investing Activities</b>		
Purchase of Tangible Fixed Assets	(7,978,450)	(376,924)
Gratuity Investment Fund	(6,235,022)	(3,654,965)
<b>Net Cash Flows From/(Used in) Investing Activities</b>	<b>(14,213,472)</b>	<b>(4,031,889)</b>
<b>Cash Flow From/(Used in) Financing Activities</b>		
Income Tax Paid	(3,015,298)	(4,513,736)
NSB Loan Account - Purchase Air Compressor	7,980,529	
Gratuity Paid	(112,854)	
<b>Net Cash Flows From/(Used in) Financing Activities</b>	<b>4,852,377</b>	<b>(4,513,736)</b>
Effect of Foreign currency exchange of Cash & Cash Equivalent	(1,364,503)	2,043,058
<b>Net Increase/(Decrease) Cash &amp; Cash Equivalents</b>	<b>(7,566,438)</b>	<b>675,029</b>
Cash and Cash Equivalents at beginning of the year	8,408,190	7,733,161
<b>Cash and Cash Equivalents at end of the year</b>	<b>841,752</b>	<b>8,408,190</b>
<b>Cash &amp; Cash Equivalents</b>		
Bank Of Ceylon - Redigama	236,598	2,134,688
Bank Of Ceylon - Kollupitiya	502,096	560,113
DFC \$ A/C - BOC Kollupitiya	72,182	5,691,738
Petty Cash - Head Office	9,074	5,886
Petty Cash - Mine Office	21,804	15,765
	<b>841,754</b>	<b>8,408,190</b>





# KAHATAGAHA GRAPHITE LANKA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31<sup>st</sup> MARCH 2019

### 1. CORPORATE INFORMATION

#### 1.1 GENERAL

KAHATAGAHA GRAPHITE LANKA LIMITED had been a 'Peoplized' Company and re-vested in 1997 with the Government under the Rehabilitation of Public Enterprises Act. No. 29 of 1996. Now it is functioning as a fully government owned business undertaking and Registered under the Companies Act No. 07 of 2007. The Registered Office of the Company is located at No. 561/3, Elvitigala Mawatha, Narahenpita, Colombo 05.

#### 1.2 Principal Activities and Nature of Operations

During the period, principal activities of the Company were Manufacturing and Export of Graphite.

#### 1.3 Directors' Responsibility Statement

The Board of Directors is responsible for preparation and presentation of financial statements.

#### 1.4 Comparative Figures

The previous figures and phrases have been re-arranged to comply with current year presentation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

The Financial Statements of the Company has been prepared on a historical cost basis, unless otherwise indicated. The financial statements are presented in Sri Lankan Rupees (LKR), unless otherwise indicated.

#### 2.2 Statement of Compliance

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS for SME"), as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these Financial Statements is in compliance with the requirements of the Companies Act No.07 of 2007.

These financial statements include comparative information for only one year (2017). On the transition, the entity did not choose to apply the fair value or revaluation as deemed cost exemptions in Fair value as deemed cost and Revaluation as deemed cost.

The Company has consistently applied the accounting policies used in preparation of its opening SLFRS Statement of Financial Position as at 01<sup>st</sup> April 2017 through all periods presented, as if these policies had always been in effect.

#### 2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying



disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Judgements**

In the process of applying the Company's accounting policies, management has made following judgements which have the most significant effect on the amounts recognised in the financial statements

#### **a) Classification of Property**

The Company determines whether a property is classified as investment property or an owner occupied property. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Company, not for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. The Company determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (leased out separately under a finance lease) or the financial accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

#### **b) Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **c) Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **d) Employee Benefits**

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan using the Projected Unit Credit Method (PUC) as recommended by Section 28 of SLFRS for SME.

#### **e) Impairment of Non-Financial Assets**

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

#### **f) Impairment of Trade & Other Receivable**





The Company reviews at each reporting date all receivables to assess whether impairment should be recorded in the Income Statement. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates uncertainty in recoverability.

### 3. Significant Accounting Policies

#### 3.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Accrual basis has been followed in charging the expenditure items to the revenue.

##### a) Export Revenue

Export revenue is recognized based on actual exports effected on an accrual basis.

##### b) Interest Revenue

Interest revenue is accounted at the time of the received

##### c) Estate Crop Revenue

Estate income is recognized on cash basis.

##### d) Other Income

Other income is recognized on an actual basis.

#### 3.2 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets have been charge to Revenue on an accrual basis in arriving at the profit/(Loss) for the year.

#### 3.3 Taxation

##### a) Current Taxes

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

##### b) Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

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

#### c) Sales Tax

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

### 3.4 Property, Plant and Equipment

Property, Plant and Equipment is initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Income Statement as incurred.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognized.

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

Under the LKAS 16 Valuations to be performed every 3-5 years or frequently enough to ensure that the fair value of a revalue asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in Other Comprehensive Income and credited to the asset revaluation reserve in Equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Income Statement, such the increase is recognised in the Income Statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The provision for depreciation/amortization is calculated by using a straight line method on the cost/revaluation of all Property, Plant and Equipment in order to write off such amounts over the following estimated useful lives by equal instalments.

Depreciation Rates are as indicated Note 20 to the accounts.

No depreciation provided for non-operating assets.





During the year under review the depreciation component pertaining to production process charged to under direct mining cost.

#### **Fair value of Property, Plant and Equipment**

The Company has not carried out revaluation for Property, Plant & Equipment by using an independent valuation specialist to assess fair value. Therefore the Property, Plant & Equipment presented at original cost of valuation less accumulated depreciation

### **3.5 Financial Instruments - Initial Recognition and Subsequent measurement**

#### **Financial Assets**

##### **Initial Recognition and Measurement**

The Company has chosen to apply the recognition, measurement and disclosure provisions of Section 11 of SLFRS for SME to account for all its financial instruments.

##### **Initial Recognition**

The Company recognize a financial assets or financial liability only when the entity becomes the party to the contractual provisions of the entity

##### **Initial Measurement**

All financial assets are recognized initially an entity shall measure it at the transaction price. (Including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and bank balances, trade and other receivables and other financial assets.

##### **Subsequent Measurement**

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

- Financial Instruments at amortised cost

##### **Trade and Other Receivables**

Trade and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The losses arising from impairment are recognised in the Income Statement.

##### **Derecognition**

#### **i) Financial Assets**



Graphite – At weighted average cost.  
Other Consumables- At weighted average cost.  
Engineering supplies – At weighted average cost.

### 3.7 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### 3.8 Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### 3.9 Cash and Cash Equivalents

Cash and short-term deposits are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of statement of cash flows, cash and short-term deposits consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents

### 3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

### 3.11 Post-Employment Benefits

#### Defined Benefit Plan – Gratuity

The Company measures the retirement benefits of gratuity at the end of every financial year using the Projected Unit Credit Method (PUC) as recommended by Section 28 of SLFRS for SME.

#### a) Defined Contribution Plans

##### Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees Provident Fund and Employee Trust Fund contributions, in line with respective statute and regulations. The company contributes 12% and 3% of gross remuneration of employees to Employee Provident Fund and Employee Trust Fund.





A financial asset is primarily derecognised when:

- (a) The rights to receive cash flows from the asset have expired,
- Or
- (b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

#### Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors or is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial Assets Carried at Amortised Cost

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. The assets are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to the Income Statement.

## ii) Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities within the scope of Section 11 of SLFRS for SME are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities excluding derivative financial instruments include trade and other payables and other financial liabilities.

Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

## 3.6 Inventories

Inventories are valued at the weighted average of cost and net realisable value; Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

It is reported that Company were unable to utilize on comprehensive method due to the limited resources available and lack of expertise knowledge.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows.



Graphite – At weighted average cost.  
Other Consumables- At weighted average cost.  
Engineering supplies – At weighted average cost.

### 3.7 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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# KAHATAGAHA GRAPHITE LANKA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31<sup>st</sup> MARCH 2019

## FINANCIAL STATEMENT DISCLOSURES

### 4. STATED CAPITAL

Issued 1,300,000 Ordinary Shares of Rs. 10/- per share.

Name	No. Of Shares	Value of Shares	Ownership Percentage
Treasury Secretary	1,300,000	13,000,000/-	100%
	<u>1,300,000</u>	<u>13,000,000/-</u>	<u>100%</u>

### 5. ASSETS PLEDGED

Rs. 10 Mn. from Gratuity investment fund have been pledged as securities as against the Rs.7,895,000.00 loan obtained from NSB – Ridigama branch to finance the purchase of Air Compressor as at the date of Statement of Financial position.

### 6. DIRECTORS INTEREST

According to the information made available to us, no Director of the Company is directly or indirectly interested in any contract with the Company.

### 7. RELATED PARTY DISCLOSE

The Chairperson and Board of Directors of the Company are liable to receive allowances based on the Government Regulation which are disclosed under Note 13. The respective PAYE deducted only from the Chairperson allowances.

### 8. COMMITMENTS AND CONTINGENT LIABILITIES

#### Legal Case – Land Ownership

A Legal Case Nos P 5745 & P 6070 at Kurunegala District Court pending against the Company in connection with 26 Acres land dispute. The Plaintiff named as A. A. Somasiri.

However, no provision has been made in these financial statements as the directors of the Company are confident of defending the case made against the Company.

A case hearing by the Industrial court, Department of Labour which filled by 8 underground employees claiming Rs.7,800.00 special allowance which paying to employees who was in our employment when introducing wageous board for plumbago industry in 2013.

### 9. EVENT AFTER THE REPORTING PERIOD

There have been no material events occurring after the date of Statement of Financial Position that require adjustment to or disclosure in the Financial Statements.



## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH	NOTES	2018/2019 LKR	2017/2018 LKR
<b>10 SALE OF GRAPHITE</b>			
Sales Income		127,558,406	123,407,840
<b>11 DIRECT COST, MINING COST</b>			
Stock Balance at beginning		121,976,864	111,443,401
Wages Cost	11-01	59,280,961	55,999,323
* Support Service Cost	11-02	29,122,223	26,392,758
Depreciation	11-03	15,163,097	15,051,266
Royalty Payments		998,168	648,990
		226,541,313	209,535,739
Less Stock at closing		(146,875,395)	(143,318,885)
Add Cost of Mining During the Period		79,665,919	66,216,854
<b>Wages Cost</b>	<b>11-01</b>		
Salaries & Wages		35,031,574	33,653,095
Production Incentives		7,440,705	6,831,038
Overtime		6,356,282	5,562,490
Allowance		-	640,000
Defined Contribution Plan (EPF)		4,203,789	4,038,371
Defined Contribution Plan (ETF)		1,054,535	1,009,593
Staff Welfare		4,196,652	3,569,036
Bonus		997,425	695,700
		59,280,961	55,999,323
<b>Support Service Cost</b>	<b>11-02</b>		
Mining Expenses		11,228,123	10,244,914
Power and Electricity		12,523,331	11,149,763
Security Charges		5,370,768	4,998,080
		29,122,223	26,392,758
<b>Depreciation</b>	<b>11-03</b>		
Plant & Machinery		12,949,627	12,930,379
Generator		1,234,127	1,234,127
Under Ground Development		979,343	886,760
		15,163,097	15,051,266
<b>12 SUNDRY INCOME</b>			
<b>Agricultural Income</b>			
Income from sale of Crops / Coconut wood		387,606	1,477,382
<b>Less Expenses;</b>			
Labour		(1,728,660)	(1,756,592)
Overtime		(233,090)	(196,582)
Defined Contribution Plan (EPF)		(215,359)	(210,791)
Defined Contribution Plan (ETF)		(50,252)	(48,096)
Bonus		(66,000)	-
Tools & Equipments		(1,831)	(2,320)
Nursery expenses		(48,000)	(10,000)
		(1,955,586)	(747,000)
Interest Income		306,054	201,522
Other Income		2,762,884	778,880
Reversal of Over Provision		-	5,927,275
		1,113,351	6,160,677





# KAHATAGAHA GRAPHITE LANKA LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH

	NOTES	2018/2019 LKR	2017/2018 LKR
<b>13 PERSONNEL COST</b>			
Director's Remuneration		1,743,155	2,502,030
Staff Salary and Wages			
Administration Salary & wages		14,468,253	14,028,409
Overtime		1,915,077	1,105,737
Allowances		2,723,352	1,453,204
Defined Contribution Plan (EPF)		1,736,190	1,683,409
Defined Contribution Plan (ETF)		434,048	425,454
Bonus		352,125	304,600
		<u>21,629,045</u>	<u>19,000,813</u>
Total Personnel Cost		<u>23,372,200</u>	<u>21,502,843</u>
<b>14 ESTABLISHMENT AND ADMINISTRATION COST</b>			
Rates & Taxes		16,900	18,081
Medical Aid		49,328	46,906
Insurance	14-1	1,868,349	815,923
Printing & Stationery		393,529	230,947
Postage		70,929	61,630
Legal & Professional Fees	14-2	263,471	60,750
Security Charge		1,790,256	1,666,027
Book & Periodicals		22,520	25,720
Secretarial Charges		145,100	158,640
Audit Fees		283,159	241,500
Audit Fees - Auditor General's Department Service Charges			41,659
Travelling & Transport		3,042,141	2,613,786
License & Permits		172,973	62,579
Sundry Expenses		39,794	9,116
Training Expenses		766,556	414,750
		<u>8,925,004</u>	<u>6,468,012</u>



## NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH	NOTES	2018/2019 LKR	2017/2018 LKR
<b>Insurance</b>	<b>14-1</b>		
Fire Insurance - Generator		111,864	-
Group Medicine Insurance		872,891	-
Sharma Surekuma Insurance		341,481	341,787
Cash in Transist Insurance		58,060	114,064
Air Compressor Insurance		74,682	-
Vehicle Insurance		409,371	360,071
		<u>1,868,349</u>	<u>815,923</u>
<b>Legal &amp; Professional Fees</b>	<b>14-2</b>		
Labour Tribunal Case		9,000	-
Land Dispute Case		25,000	25,750
Professional Charges		229,471	35,000
		<u>263,471</u>	<u>60,750</u>
<b>15 MAINTENANCE COST</b>			
Office & Office Equipment Maintenance		331,850	220,831
Building Maintenance		200,769	43,227
Internal Roads			442,750
Machinery Maintenance		47,569	274,287
		<u>580,188</u>	<u>981,095</u>
<b>16 UTILITY COST</b>			
Water Charges		6,458	3,910
Telephone		586,581	627,931
		<u>593,039</u>	<u>631,841</u>
<b>17 DEPRECIATION COST</b>			
Building		2,513,571	2,513,571
Electrical Equipments		15,527	360,623
Motor Vehicle		2,531,201	1,921,201
Office Equipments		181,807	724,660
Other Assets		600,187	600,187
Furniture & Fittings		108,576	376,438
		<u>5,950,869</u>	<u>6,496,680</u>
<b>18 SELLING AND DISTRIBUTION COST</b>			
Transport to Wharf - Export		870,761	985,000
Sales Promotion			63,850
Advertising Expenses		88,500	11,270
Freight Expenses		474,551	1,002,887
		<u>1,433,812</u>	<u>2,063,007</u>
<b>19 FINANCE AND OTHER COST</b>			
Bank Charges		272,683	280,228
Interest Expenses		85,529	-
Stocks Shortage due to lesser quality than expected		8,246,709	21,342,087
		<u>8,604,921</u>	<u>21,622,315</u>





## NOTES TO THE ACCOUNTS

AS AT 31<sup>ST</sup> MARCH2018  
LKR2019  
LKR

## 20 Property Plant and Equipment

Cost	Balance On 1st April 2018	Additions	Transfer to Consumable Stock	Non Operating Asset	Balance On 31st March 2019
<b>Gross Carrying Amounts</b>					
Free Hold Land	25,500,000	-	-	-	25,500,000
Building	83,785,697	-	-	-	83,785,697
Plant & Machinery	129,306,249	654,630	-	-	129,960,879
Electrical Equipment	1,803,115	-	-	-	1,803,115
Motor Vehicle	19,212,005	6,100,000	-	-	25,312,005
Other Assets	6,001,871	-	-	-	6,001,871
Office Equipment	3,628,302	223,500	-	-	3,851,802
Generator	15,426,590	-	-	-	15,426,590
U.G Development	8,867,602	925,831	-	-	9,793,433
Furniture & Fitting	1,882,192	74,489	-	-	1,956,681
<b>Total Assets</b>	<b>295,413,622</b>	<b>7,978,450</b>	<b>-</b>	<b>-</b>	<b>303,392,073</b>

Item under column 3 of above schedule included property plant & equipment which later identified as consumable materials has been transferred to the consumable stock

Depreciation	Rate	Balance on 1st April 2018	Depreciation	Transfer to Consumable Stock	Non Operating Asset	Balance On 31st March 2019
Building	3%	11,682,759	2,513,571	-	-	14,196,330
Plant & Machinery	10%	62,813,244	12,949,627	-	-	75,762,870
Electrical Equipment	20%	1,777,727	15,527	-	-	1,793,254
Motor Vehicle	10%	9,606,003	2,531,201	-	-	12,137,203
Other Assets	10%	2,770,858	600,187	-	-	3,371,045
Office Equipment	20%	3,378,705	181,807	-	-	3,560,512
Generator	8%	6,170,636	1,234,127	-	-	7,404,763
U.G Development	10%	4,177,211	979,343	-	-	5,156,554
Furniture & Fitting	20%	1,788,514	108,576	-	-	1,897,090
<b>Total Depreciation</b>		<b>104,165,655</b>	<b>21,113,966</b>	<b>-</b>	<b>-</b>	<b>125,279,621</b>
<b>Total Written Down Value</b>		<b>191,247,967</b>	<b>21,113,966</b>	<b>-</b>	<b>-</b>	<b>178,112,451</b>



## KAHATAGAHA GRAPHITE LANKA LIMITED

## NOTES TO THE ACCOUNTS

AS AT 31 MARCH

	NOTES	2018/2019 LKR	2017/2018 LKR
<b>21 NON OPERATING ASSETS</b>			
Cost as at 1st April		3,541,760	3,796,760
Transfer to Disposal of Fixed Assets		-	(255,000)
Impairment		-	-
Balance as at 31st March		<u>3,541,760</u>	<u>3,541,760</u>
<b>22 STOCK</b>			
Stock Consumables		25,559,812	15,058,559
Stock-Graphite		<u>138,628,685</u>	<u>121,976,798</u>
		<u>164,188,498</u>	<u>137,035,357</u>
<b>23 DEBTORS, DEPOSITS &amp; RECEIVABLES</b>			
Accounts Receivable	23-01	7,335,585	8,374,467
Purchase Advance	23-02	50,637	231,410
Deposits	23-03	20,000	20,000
Sri Lanka Telecom Deposit		5,000	5,000
Value Added Tax Receivables		5,559,581	3,863,265
Festival Advance		<u>40,000</u>	<u>8,750</u>
		<u>13,010,803</u>	<u>12,502,892</u>
Accounts Receivable	23-01		
Asbery Graphite Mills Inc		-	4,979,074
Grapiixel Ltd		7,333,904	
S Kato & Co.,		-	3,403,860
Other		<u>1,681</u>	<u>(8,466)</u>
		<u>7,335,585</u>	<u>8,374,467</u>
Purchase Advance	23-02		
Rathnayake R M A		25,000	52,600
Jayathilake K P E B		22,628	70,900
W A S Perera		614	-
Bokalamulla A U M B		2,395	-
Sujatha Kumari		-	49,910
		<u>-</u>	<u>58,000</u>
		<u>50,637</u>	<u>231,410</u>
Deposits	23-03		
Lanka Bell Ltd		20,000	20,000
		<u>20,000</u>	<u>20,000</u>





# KAHATAGAHA GRAPHITE LANKA LIMITED

## NOTES TO THE ACCOUNTS

AS AT 31 MARCH

	NOTES	2018/2019 LKR	2017/2018 LKR
<b>24 CASH &amp; CASH EQUIVALENT</b>			
Bank Of Ceylon - Redigama		236,598	2,134,688
Bank Of Ceylon - Kollupitiya		502,096	560,113
DFC \$ A/C - BOC Kollupitiya		72,182	5,691,738
Petty Cash - Head Office		9,074	5,886
Petty Cash - Mine Office		21,804	15,765
		<u>841,754</u>	<u>8,408,191</u>
<b>25 STATED CAPITAL</b>			
Called Up Share Capital		13,000,000	13,000,000
		<u>13,000,000</u>	<u>13,000,000</u>
<b>26 DEFERRED TAX LIABILITY</b>			
Balance B/F		(156,380)	311,273
Provision For The Year		(48,124)	(467,653)
Closing Balance		<u>(204,504)</u>	<u>(156,380)</u>
<b>27 GRATUITY PROVISION</b>			
Balance B/F		14,899,666	10,510,916
Provision For The Year		2,510,595	4,388,750
Paid During The Year		(112,854)	-
Closing Balance		<u>17,297,407</u>	<u>14,899,666</u>
<b>28 TRADE AND OTHER CREDITORS</b>			
4M International (Pvt) Ltd		75,000	45,000
A C Paul & Co.		-	12,917
Accounting Secretarial Services(pvt)Ltd		33,170	-
Airline Traders		11,144	-
American Premium Water System (Pvt) Ltd		510	293
Anurasiri Industry		40,000	-
Asiri Lubricant		139,495	-
B I Commodities & Logistics (Pvt) Ltd		158,622	158,622
Cambridge Traders		58,100	-

Ceylon Paper Sacks Ltd		653
D R Industries (Pvt) Ltd		57,727
Dinapala Super Centre	34,450	-
Disanayaka Hardware	286,773	268,424
Eastern Trading Company	975,975	36,850
Global Parcel Delivery (Pvt) Ltd	3,001	-
H M M P Senanayaka Distributors	(0)	64,627
Hewage Distributors (Pvt) Ltd	1,964	1,964
Hitech Hardware (Pvt) Ltd	-	1
Industrial Safety Equipment Company Ltd	-	30,000
Internal Timber Productions	8,325	-
J D B Enterprises	50	64,149
Lalan Plastics (Pvt) Ltd	-	1
Lanka I B C Company (Pvt) Ltd	1	115,591
Lanka Tiles PLC	26	(57)
Lanka Walltiles PLC	-	(114)
M I M Muffy	-	38,750
M P C S - Ridigama	857,365	349,840
M P C S Hiriyala	2,700	-
Manju Electricals	(0)	(0)
Megapack Trading Company (Pvt) Ltd	14,290	13,901
Metropolitan Office (Pvt) Ltd	7,900	-
New Jayasekara Automotors (pvt) Ltd	15,264	-
New National hardware	176,117	143,666
Paper Corner	-	995
Salim Textiles	316,440	23,475
Samota Trade Center	170,260	49,430
Sathosa Motors PLC	15,602	-
Sewmini Lee Mola	127,595	157,425
Speedway Forward	-	47,741
Sri Lanka Insurance	188,674	-
Sri Lanka State Trading (General) Cop	271,326	143,344
State Pharmaceuticals Corporation Of Sri	-	-
Tools Fighter - India	-	(294,703)
United Motors Lanka PLC	22,447	53,472
Vanoja Motor Stores	31,800	12,950
	<u>4,044,385</u>	<u>1,596,820</u>



## KAHATAGAHA GRAPHITE LANKA LIMITED

## NOTES TO THE ACCOUNTS

AS AT 31 MARCH		2018/2019	2017/2018
	NOTES	LKR	LKR
29	PROVISION FOR TAXATION		
	Opening Balance	4,455,020	7,029,236
	Income Tax Paid	(3,000,000)	(4,509,763)
	Income Tax Payable for the Year	2,329,262	1,935,547
	With Holding Tax - Paid at source	(19,271)	(3,973)
		<u>3,765,011</u>	<u>4,451,047</u>
30	ACCRUED CHARGES		
	Audit Fees - Earnest & Young	241,500	483,000
	Audit Fees - Auditor General	324,818	83,318
	Defined Contribution Plan (EPF) Payable	2,602,340	672,435
	Defined Contribution Plan (ETF) Payable	331,028	67,859
	Electricity Board	3,225,628	1,045,052
	P.A.Y.E Tax Payable	4,087	9,000
	With Holding Tax - Collections	95,430	-
	Salaries & Wages Payable Account	4,957,696	4,676,531
	Telephone Bills Payable	107,335	57,999
	Alpex network security Ltd	3,434,216	3,224,016
	Nation-Building Tax Payable	183,145	203,981
		<u>15,507,223</u>	<u>10,523,191</u>

# KAHATAGAHA GRAPHITE LANKA LIMITED

## INCOME TAX COMPUTATION

YEAR OF ASSESSMENT 2018/19

Profit/(loss) per Account	(1,600,288.57)
Less: Interest Income	(306,053.58)
	<u>(1,906,342.15)</u>

Add Back:			
Gratuity Provision	2,510,595.40	100%	2,510,595.40
Legal Fees (LT case)	25,000.00	100%	25,000.00
Impairment	-	100%	-
Depreciation	21,113,965.88	100%	21,113,965.88
Advertisement	88,500.00	25%	22,125.00
Professional Charges	238,470.60	100%	238,470.60
			<u>23,910,156.88</u>
			<u>22,003,814.73</u>

Less:	
Capital Allowances	(5,865,483.00)
Gratuity Paid of The Year	(112,854.00)
Gain on Foreign Exchange Gain/Loss	
	<u>16,025,477.73</u>

Business Profit/(Loss) for the Year	16,025,477.73
Interest Income	306,053.58
Total Statutory Income	<u>16,331,531.31</u>

### Total Taxable Income

	Income	Rate	
Export Income	16,025,477.73	14%	2,243,566.88
Interest Income	306,053.58	28%	85,695.00
Total Tax payable	<u>16,331,531.31</u>		<u>2,329,261.88</u>

### DEFERRED TAX LIABILITY

Gratuity	Asset	17,297,407.10
Capital allowance to be claim (Note 1)	26,852,659.95	
Accounting depreciation to be claim	40,995,090.18	
Tax over claimed	<u>14,142,430.23</u>	

Capital expenses over deduct for taxable profit than accounting profit	Liability	(14,142,430.23)
--	-----------	-----------------

Coconut Plantation Development	Liability	(1,694,235.36)
Deferred Tax Liability		<u>1,460,741.51</u>

Tax Rate	14%	<u>204,503.81</u>
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Current Asset / (Liability) as at 31/03/2019	204,503.81
Opening Asset / (Liability) 31/03/2018	156,379.88
Over provision	<u>48,123.93</u>



# KAHATAGAHA GRAPHITE LANKA LIMITED

## INCOME TAX COMPUTATION

YEAR OF ASSESSMENT 2018/19

Dividends Tax Payable

Net Profit After Taxation

Less : Property, Plant & Equipments Acquired

Add : Depreciation for Property, Plant & Equipments Acquired

Distributable Profit

(3,881,426.52)

(7,978,450.07)

### TAX WRITTEN DOWN VALUE

Note 01 : Capital Allowance on Assets

Assets	Claim no	Rate	Value	Claim
<b>Building</b>				
2011/12	8	10%	1,422,820.50	142,282.05
2012/13	7	10%	4,554,425.27	455,442.53
2013/14	6	10%	178,545.08	17,854.51
2014/15	5	10%	29,575,817.88	2,957,581.79
2015/16	3	10%	52,780.20	5,278.02
<b>Electrical Equipments</b>				
2008/09	8	12.50%	10,780.00	-
2010/11	8	12.50%	446,810.00	55,851.25
2014/15	3	33.33%	61,200.00	-
2017/18	2	33.33%	-	-
<b>Other Assets</b>				
2012/13	5	20%	357,100.00	-
2013/14	6	6.67%	3,918,615.00	261,238.39
2014/15	5	6.67%	1,970,772.78	131,383.54
2016/17	3	6.67%	110,000.00	7,337.00
2016/17	3	6.67%	621,989.00	41,486.67
2018/19	1	20.00%	925,831.09	185,166.22
<b>Office Equipments</b>				
2009/10	8	12.50%	181,927.67	-
2010/11	8	12.50%	739,029.48	-
2012/13	5	20%	560,021.55	-
2013/14	5	20%	187,396.25	-
2013/14	4	25%	148,000.00	-
2014/15	3	33.33%	59,999.00	-
2014/15	4	25%	206,000.00	-
2014/15	4	25%	4,500.00	-
2014/15	5	20%	11,700.00	2,340.00
2014/15	3	33.33%	169,285.72	-
2015/16	3	33.33%	118,250.00	-
2016/17	3	25.00%	91,000.00	22,750.00
2017/18	2	33.33%	24,800.00	8,266.67
2017/18	2	33.33%	44,450.00	14,816.67
2018/19	1	20.00%	223,500.00	44,700.00
<b>Generator</b>				
2009/10	8	12.50%	794,707.00	-

**Plant & Machinery**

2010/11	8	12.50%	3,476,500.00	-
2015/16	2	50.00%	494,750.00	-
2016/17	2	50.00%	3,707,868.80	-
2016/17	2	50.00%	142,541.78	-
2017/18	2	50.00%	291,239.14	145,619.57
2018/19	1	20.00%	187,560.00	37,512.00

**Motor Vehicle**

2013/14	5	20.00%	1,649,000.00	-
2018/19	1	20.00%	6,100,000.00	1,220,000.00

**Furniture & Fittings**

2014/15	5	20.00%	468,391.73	93,678.35
2018/19	1	20.00%	74,488.98	14,897.80
			<u>64,364,393.90</u>	<u>5,865,483.00</u>



**NOTICE**


**KAHATAGAHA GRAPHITE LANKA LIMITED**

NOTICE IS HEREBY GIVEN THAT THE EXTRAORDINARY GENERAL MEETING OF KAHATAGAHA GRAPHITE LANKA LIMITED WILL BE HELD ON 31<sup>ST</sup> JANUARY 2022 AT 1.00PM AT THE BOARD ROOM OF KGLL, NO.561/3, ELVITIGALA MAWATHA, NARAHENPITA, COLOMBO 05.

**AGENDA**

1. **NOTICE**  
To receive the notice convening the meeting.
2. **TO ADOPT THE AUDITED ACCOUNTS AND THE AUDITOR'S REPORTS THEREON**
  - i. To receive and consider the Report of the Auditors and the Audited Accounts for the year ended 31<sup>st</sup> March 2018.
  - ii. To receive and consider the Report of the Auditors and Audited Accounts for the year ended 31<sup>st</sup> March 2019.
3. **RE-APPOINTMENT OF AUDITORS**
  - i. To re-appoint the Auditor General as the Auditor of the Company for the ensuing years (2019 & 2020) as per PED Circular 01 and to authorize the Directors to determine their remuneration.
4. Any other business of which due notice has been given

BY ORDER OF THE BOARD  
KAHATAGAHA GRAPHITE LANKA LIMITED

  
.....  
DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED  
SECRETARIES  
24<sup>TH</sup> DECEMBER 2021

# **KAHATAGAHA GRAPHITE LANKA LIMITED**

**NO.561/3, ELVITIGALA MAWATHA, NARAHENPITA, COLOMBO 05.**

## **PROXY FORM**

I, the undersigned Secretary to the Treasury as being a member of Kahatagaha Graphite Lanka Limited, hereby appoint Mr/Ms. ....  
(name) of No .....(address) as my proxy to represent me and to vote for me and on my behalf for/or against the resolution and/or to speak at the *Extraordinary General Meeting* of the Company, to be held on 31<sup>st</sup> January 2022 and at any adjournment thereof and at every poll which may be taken in consequence thereof

	<b>For</b>	<b>Against</b>
1 To approve the Audited Financial Statements for the year ended 31 <sup>st</sup> March 2018	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Audited Financial Statements for the year ended 31 <sup>st</sup> March 2019	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-appoint The Auditor General as the Auditor of the Company for the ensuing year 2019as per PED Circular 01 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint The Auditor General as the Auditor of the Company for the ensuing year 2020 as per PED Circular 01 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5 To authorize Directors to determine Contributions to Charities	<input type="checkbox"/>	<input type="checkbox"/>
6 To approve any other business of which due Notice has been given	<input type="checkbox"/>	<input type="checkbox"/>

.....  
Shareholder

Signed this..... day of January 2022

### **Instructions as to the completion of Proxy Form**

1. A member is entitled to appoint a proxy to attend and vote in his/her/their place.
2. A proxy holder need not be a member of the Company.
3. A member wishing to vote by proxy at the meeting may use the form enclosed and interpolate the 'right to speak'.
4. To be valid, the completed form of proxy must be lodged at the registered office of the Company not less than 48 hours before the meeting.
5. In the case of a Company /corporation the proxy must be under it's Common Seal, which should be affixed thereto.