

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER, 2020**

		As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	5,678,363,751	6,065,801,089
Capital Work-In-Progress	4	12,536,392,498	12,588,158,537
Financial Instrument - Amortised cost	5	811,519,828	787,696,142
Long-term Advances	6	139,152,682	139,152,682
<b>Total Non-Current Assets</b>		<b>19,165,428,760</b>	<b>19,580,808,449</b>
<b>Current Assets</b>			
Inventories	7	1,132,938,074	1,093,130,830
Trade and Other Receivables	8	1,075,070,238	1,191,235,517
Income Tax Receivable	9	212,514,712	212,514,712
Cash and Cash Equivalents	10	17,228,129	12,814,551
<b>Total Current Assets</b>		<b>2,437,751,153</b>	<b>2,509,695,611</b>
<b>Total Assets</b>		<b>21,603,179,912</b>	<b>22,090,504,060</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Stated Capital and Reserves</b>			
Stated Capital	11	319,454,060	319,454,060
Capital Reserve	12	25,000,000	25,000,000
Revaluation Reserve		336,454,463	336,454,463
Sinking Fund	13	1,689,978	1,689,978
Retained Earnings		62,562,750	(145,248,000)
<b>Shareholders' Fund</b>		<b>745,161,250</b>	<b>537,350,500</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	14	-	-
Non-interest Bearing Borrowings	15	2,108,063	2,108,063
Interest Bearing Borrowings - Long-Term	15	18,449,096,221	18,572,055,438
Retirement Benefit Obligations - Gratuity	16	841,516,881	651,565,041
Deferred Income - Government Grant	17	20,081,884	29,079,994
<b>Total Non-Current Liabilities</b>		<b>19,312,803,048</b>	<b>19,254,808,536</b>
<b>Current Liabilities</b>			
Trade and Other Payables	18	775,475,909	762,087,282
Interest Bearing Borrowings - Short Term	15	96,110,896	135,419,841
Bank Overdrafts	19	673,628,809	1,400,837,901
<b>Total Current Liabilities</b>		<b>1,545,215,614</b>	<b>2,298,345,024</b>
<b>Total Equity and Liabilities</b>		<b>21,603,179,912</b>	<b>22,090,504,060</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

I certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

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**Mr. M. G. P. Premathilaka**  
**Manager- Finance**

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 on .....

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

		<b>For the Year Ended 31<sup>st</sup> December, 2020 Rs.</b>	<b>For the Year Ended 31<sup>st</sup> December, 2019 Rs.</b>
	<b>Note</b>		
Revenue	<b>20</b>	11,104,710,548	10,313,820,273
Cost of Sales		(9,703,560,044)	(9,917,539,530)
<b>Gross Profit</b>		1,401,150,505	396,280,743
Other Operating Income	<b>21</b>	33,475,777	29,709,723
		1,434,626,282	425,990,466
Administrative Expenses		(707,165,072)	(688,427,005)
Distribution Expenses		(336,890,593)	(399,206,715)
Other Expenses		(6,696,851)	(55,158,791)
<b>Profit/ (Loss) from Operations</b>		383,873,765	(716,802,045)
Finance Income	<b>22</b>	52,972,581	49,926,845
Finance Expenses	<b>23</b>	(119,739,982)	(195,839,348)
<b>Net Loss Before Taxation</b>		317,106,364	(862,714,548)
Income Tax Expenses	<b>24</b>	-	-
<b>Net Loss for the Year after Taxation</b>		317,106,364	(862,714,548)
<b>Other Comprehensive Income</b>			
Item that will not be reclassified subsequently to profit or loss:			
Remessurement of Defined Benefit Plan, Net of Taxes		(109,295,614)	(67,714,812)
<b>Total Other Comprehensive Income Net of Tax</b>		(109,295,614)	(67,714,812)
<b>Total Comprehensive Income</b>		207,810,750	(930,429,360)
Basic Earning/(Loss) Per Share	<b>25</b>	6.51	(27.01)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	<b>Stated Capital Rs.</b>	<b>Capital Reserve Rs.</b>	<b>Revaluation Reserve Rs.</b>	<b>Sinking Fund Rs.</b>	<b>Retained Earnings Rs.</b>	<b>Total Rs.</b>
<b>Balance as at 31st December 2018</b>	<u>319,454,060</u>	<u>25,000,000</u>	<u>336,454,463</u>	<u>1,689,978</u>	<u>785,181,360</u>	<u>1,467,779,860</u>
Net Profit for the Year	-	-	-	-	(930,429,360)	(930,429,360)
Other Comprehensive Income	-	-	-	-	-	-
<b>Balance as at 31st December 2019</b>	<u>319,454,060</u>	<u>25,000,000</u>	<u>336,454,463</u>	<u>1,689,978</u>	<u>(145,248,000)</u>	<u>537,350,500</u>
Net Profit for the Year	-	-	-	-	207,810,750	207,810,750
Other Comprehensive Income	-	-	-	-	-	-
<b>Balance as at 31st December 2020</b>	<u>319,454,060</u>	<u>25,000,000</u>	<u>336,454,463</u>	<u>1,689,978</u>	<u>62,562,750</u>	<u>745,161,250</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
<b>Cash Flow from Operating Activities</b>		
Net Loss Before Taxation	207,810,750	(862,714,548)
Adjustments for ;		
Depreciation on Property, Plant and Equipment	535,201,255	527,623,340
Income from Investment	(52,972,581)	(49,926,845)
Interest Expense	115,771,068	190,620,525
Lease Interest	3,968,828	5,225,511
Recognized Income on Deferred Grants	(8,998,110)	(12,632,398)
Exchange Gain	14,127,003	2,566,588
Provision for Defined Benefit Plans - Gratuity	225,669,963	98,254,612
Disposal Gain	(28,367)	(566,035)
ESC Written off	-	15,364,873
Capital work-in progress written off	-	741,099
<b>Operating Profit Before Working Capital Changes</b>	1,040,549,809	(85,443,279)
(Increase)/Decrease in Inventories	(39,807,244)	412,603,520
(Increase)/Decrease in Trade and Other Receivables	108,130,279	95,115,502
Increase/(Decrease) in Trade and Other Payables	13,388,626	(73,730,889)
<b>Cash Generated from Operations</b>	1,122,261,471	348,544,854
Interest Paid	(115,771,068)	(190,620,525)
Tax Paid - ESC and Income Tax	-	(52,893,933)
Payment of Defined Benefit Plans - Gratuity	(35,718,123)	(41,712,485)
<b>Net Cash From/ (Used In) Operating Activities</b>	970,772,279	63,317,912
<b>Cash Flow from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(58,157,140)	(87,503,835)
Investments in Property, Plant and Equipment in the Course of Constr	(29,828,724)	(516,304,352)
Proceeds from disposal of Assets	51,352.30	665,582
Interest Received	52,972,581	49,926,845
New/ (Withdrawal) Short-Term and Long-Term Investment (Net)	(37,950,690)	(20,999,289)
<b>Net Cash Used In Investing Activities</b>	(72,912,621)	(574,215,049)
<b>Cash Flow from Financing Activities</b>		
Lease Rental Paid	(23,426,318)	(30,448,356)
During the Year Loan Granted	-	509,141,829
Loans and Borrowings Repayments	(142,810,673)	(122,936,197)
<b>Net Cash Used In Financing Activities</b>	(166,236,990)	355,757,276
<b>Net Increase in Cash and Cash Equivalents</b>	731,622,668	(155,139,861)
<b>Cash and Cash Equivalents at the Beginning of the Year (Note A)</b>	(1,388,023,349)	(1,232,883,488)
<b>Cash and Cash Equivalents at the End of the Year (Note B)</b>	(656,400,681)	(1,388,023,349)

**MILCO (PRIVATE) LIMITED**  
**CASH FLOW STATEMENT - (Contd..)**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

	<b>As at 31st December, 2020 Rs.</b>	<b>As at 31st December, 2019 Rs.</b>
<b>At the Beginning of the Year</b>		
Balances at Banks	7,989,149	13,963,657
Petty Cash in Hand	4,825,402	5,305,601
	<u>12,814,551</u>	<u>19,269,258</u>
Bank Overdrafts	(1,400,837,901)	(1,252,152,747)
	<u>(1,388,023,350)</u>	<u>(1,232,883,489)</u>
<b>At the End of the Year</b>		
Balances at Banks	12,456,380	7,989,149
Petty Cash in Hand	4,771,749	4,825,402
	<u>17,228,129</u>	<u>12,814,551</u>
Bank Overdrafts	(673,628,809)	(1,400,837,901)
	<u>(656,400,681)</u>	<u>(1,388,023,350)</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 36 form an integral part of these Financial Statements.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

**3. PROPERTY, PLANT AND EQUIPMENT**

**a) Tangible assets**

Description of Assets	Cost/Valuation				Depreciation					Written Down Value		
	Balance	Additions	Disposals	Transfers	Balance	Balance	Charge	On	Transfers	Balance	As At	As At
	As At 01.01.2020				As At 31.12.2020	As At 01.01.2020				As At 31.12.2020		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	for the Year Rs.	Disposals Rs.	Rs.	Rs.	Rs.	Rs.
<b>Freehold</b>												
Land	3,250,000				3,250,000	-				-	3,250,000	3,250,000
Buildings	510,221,172	10,252,200			520,473,372	171,497,759	42,752,227			214,249,986	338,723,413	306,223,386
Plant and Machinery	7,433,197,173	93,086,134			7,526,283,307	1,928,755,287	400,341,411			2,329,096,698	5,504,441,887	5,197,186,609
Furniture and Fittings	50,682,206	2,293,565			52,975,771	40,739,897	3,064,268			43,804,165	9,942,308	9,171,606
Laboratory Equipment	82,516,268	2,627,546			85,143,815	60,605,481	7,928,980			68,534,460	21,910,788	16,609,354
Motor Vehicles	142,852,408			8,290,000	151,142,408	97,194,750	6,107,960		8,290,000	111,592,709	45,657,658	39,549,699
Tools and Equipment	333,746,966	15,757,447			349,504,412	270,438,034	27,366,284			297,804,319	63,308,931	51,700,094
Bottles and Crates	355,310,326	12,297,091	(547,193)		367,060,224	323,424,055	17,787,422	(547,193)		340,664,284	31,886,271	26,395,940
Computer Equipment	52,503,731	2,799,337			55,303,068	38,199,234	6,459,659			44,658,892	14,304,497	10,644,175
Bottle Coolers	152,100,544				152,100,544	142,633,301	3,470,647			146,103,948	9,467,243	5,996,596
Office Equipment	10,197,986	629,583	(51,555)		10,776,014	7,987,370	929,827	(28,569)		8,888,627	2,210,616	1,887,387
Milk Cans	80,178,849	9,000			80,187,849	65,204,017	5,587,346			70,791,363	14,974,832	9,396,486
	9,206,757,629	139,751,903	(598,748)	8,290,000	9,354,200,784	3,146,679,184	521,796,030	(575,762)	8,290,000	3,676,189,452	6,060,078,444	5,678,011,331
<b>b) Intangible Assets</b>												
Computer Software	2,837,209	-	-	-	2,837,209	2,716,204	83,562			2,799,766	121,005	37,443
<b>c) Leasehold Assets</b>												
Motor Vehicles	73,442,966	8,035,000		(8,290,000)	73,187,966	67,841,327	13,321,663		(8,290,000)	72,872,990	5,601,639	314,977
<b>Total</b>	<b>9,283,037,804</b>	<b>147,786,903</b>	<b>(598,748)</b>	<b>-</b>	<b>9,430,225,959</b>	<b>3,217,236,716</b>	<b>535,201,255</b>	<b>(575,762)</b>	<b>-</b>	<b>3,751,862,208</b>	<b>6,065,801,089</b>	<b>5,678,363,751</b>

**3.1 Transfers**

Additions made during the year includes, capitalization of working progress projects, including Development Projects at Ambewela Milk Factory amounting to Rs. 71,342,562 and Construction of building at Ambewela Milk Factory amounting to Rs.10,252,200.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

	Balance As At 01.01.2020 Rs.	Incurred During the Period Rs.	Capitalized/ Charged During the Period Rs.	Balance As At 31.12.2020 Rs.
<b>4. CAPITAL WORK-IN-PROGRESS</b>				
Construction of New Milk Factory - Badalgama (Refer Note 15) *	11,671,726,295	565,227	-	11,672,291,523
Construction of Gatabe Sales Outlet	150,000	-	-	150,000
Installation of Cup & Cone Filler at Digana Milk Factory	15,445,587	-	-	15,445,587
Modernization of Factories- Polonnaruwa, Ambewela and Digana (Refer Note 15) *	790,264,562	-	-	790,264,562
Development Projects at Ambewela Milk Factory	71,342,562	-	(71,342,562)	-
Construction of Cool Room at Polonnaruwa Milk Factory	-	-	-	-
Pro- Fit Management Information System Implementation	4,179,530	-	-	4,179,530
Construction of Chilling Centre- Palathoppur	-	-	-	-
Lorry Chasis Under Development	17,714,550	-	-	17,714,550
Construction of Chilling Centre- Lunugala	57,500	192,980	-	250,480
Construction of building at Ambewela Milk Factory	7,055,125	3,197,074	(10,252,200)	-
Construction of office building at Digana Milk Factory	10,222,824	9,412,319	-	19,635,143
Construction of cold room at Digana Milk Factory	-	16,169,330	-	16,169,330
Construction of Chilling Centre- Mundalama	-	291,793	-	291,793
	<u>12,588,158,537</u>	<u>29,828,724</u>	<u>(81,594,762)</u>	<u>12,536,392,498</u>

- 4.1** As detailed in note no 15 to these financial statements, modernization of the above factories and construction of New Milk Factory - Badalgama have been financed by loans granted by the Treasury of the Government of Sri Lanka.
- 4.2** Developments carried at Ambewela milk factory including "Power Expansion System, Construction of Water Tank and Refrigeration plant, Construction of Equilization tank, Establishment of new generators".

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

		<b>As at 31<sup>st</sup> December, 2020 Rs.</b>	<b>As at 31<sup>st</sup> December, 2019 Rs.</b>
<b>5</b>	<b>FINANCIAL INSTRUMENT - AMORTISED COST</b>		
<b>5.1</b>	<b>Long-Term Fixed Deposits</b>		
	Fixed Deposits - BOC - US \$	606,519,828	578,599,135
	Fixed Deposits - PB & PABC	205,000,000	209,097,006
		<u>811,519,828</u>	<u>787,696,142</u>

Investments pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in note no. 30 to these financial statements.

**6 LONG TERM ADVANCES**

**Advance to DESMI - Relocate CMF to Badalgama**

Balance at the beginning of the year	139,152,682	356,287,245
Adjustment of exchange impact	-	-
Transferred to Capital Work in Progress	-	(217,134,563)
Balance at the end of the year	<u>139,152,682</u>	<u>139,152,682</u>

As detailed in note no 15 to these financial statements, establishment of a dairy processing plant at Badalgama has been financed by a loan granted by the Treasury of the Government of Sri Lanka. On 22/10/2015, Treasury of Government of Sri Lanka made advance payment of an amount equivalent to EURO 19,180,692 (30% of the contract value)

**7 INVENTORIES**

Raw and Packing Materials	<b>7.1</b>	311,566,260	321,342,530
Work-in-Progress		8,616,684	5,895,808
Finished Goods		230,501,369	218,770,084
Consumables	<b>7.2</b>	585,225,407	548,245,734
Goods in Transit	<b>7.3</b>	9,124,716	10,973,035
Provision for Inventory	<b>7.4</b>	(12,096,362)	(12,096,362)
		<u>1,132,938,074</u>	<u>1,093,130,830</u>

**7.1 Raw and Packing Materials**

Raw Materials - Dairy Production	65,456,573	70,799,062
Packing Material	224,256,409	230,784,760
Raw Milk Stock	14,816,775	12,722,205
Bottle Cooler Stock	3,496,313	3,496,313
Drugs and Other Stock	3,540,190	3,540,190
	<u>311,566,260</u>	<u>321,342,530</u>



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

		<b>As at 31st December, 2020 Rs.</b>	<b>As at 31st December, 2019 Rs.</b>
<b>7.2 Consumables</b>			
General Stores		45,659,458	53,108,135
Engineering Stores		487,268,325	443,052,222
Motor Stores		12,304,752	13,159,699
Fuel and Lubricant Stores		30,964,002	29,896,808
Milk Can Stock		9,028,871	9,028,871
		<u>585,225,407</u>	<u>548,245,734</u>
<b>7.3 Goods In Transit</b>			
Finished Goods in Transit		7,984,541.78	5,151,487
Goods in Transit Lab Equipment		125,798	125,798
Raw Milk In Transit		537,476	4,827,551
Yogurt Culture		476,900	868,200
		<u>9,124,716</u>	<u>10,973,035</u>
<b>7.4 Provision For Inventory</b>			
Packing Material		(10,163,806)	(10,163,806)
General Stores		(332,731)	(332,731)
Engineering Stores		(1,523,655)	(1,523,655)
Fuel Stores		(76,170)	(76,170)
		<u>(12,096,362)</u>	<u>(12,096,362)</u>
<b>7.5</b>	Inventories pledged as collaterals to obtain various financial assistance from the financial institutions are disclosed in Note No. 30 to these financial statements.		
<b>8 TRADE AND OTHER RECEIVABLES</b>			
Trade Receivables	<b>8.1</b>	668,205,047	755,350,643
Receivable from the Government of Sri Lanka	<b>8.2</b>	9,373,875	6,973,875
Other Debtors		46,400,866	48,852,088
Advances, Deposits and Prepayments		146,537,518	159,647,848
Staff Debtors		164,828,424	161,476,069
Import Control		19,839,349	58,934,995
Interest receivables on fixed deposits		19,885,159	-
		<u>1,075,070,238</u>	<u>1,191,235,517</u>

**MILCO (PRIVATE) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST DECEMBER, 2020**

		<b>As at 31st December, 2020 Rs.</b>	<b>As at 31st December, 2019 Rs.</b>
<b>8.1 Trade Receivables</b>			
Total Debtors		719,118,672	806,264,268
Less: Provision for Impairment		(50,913,625)	(50,913,625)
		<u>668,205,047</u>	<u>755,350,643</u>
<b>8.2 Receivable from the Government of Sri Lanka</b>			
Receivable from the Ministry of Livestock and Development		9,279,542	6,879,542
Receivable from Government of Sri Lanka - Milk Subsidiary		278,981,206	278,981,206
Receivable from Parliament Affairs		94,333	94,333
		<u>288,355,081</u>	<u>285,955,081</u>
Less: Provision for Impairment		(278,981,206)	(278,981,206)
		<u>9,373,875</u>	<u>6,973,875</u>
<b>9 INCOME TAX RECEIVABLE</b>			
WHT Receivables		9,038,230	9,038,230
ESC Receivables		203,476,482	203,476,482
		<u>212,514,712</u>	<u>212,514,712</u>
<b>10 CASH AND CASH EQUIVALENTS</b>			
Balances at Banks		12,456,380	7,989,149
Petty Cash in Hand		4,771,749.01	4,825,402
		<u>17,228,129</u>	<u>12,814,551</u>
<b>11 STATED CAPITAL</b>			
Issued and fully paid	No of Shares 31,945,406	<u>319,454,060</u>	<u>319,454,060</u>
<b>12 CAPITAL RESERVE</b>			
<b>12.1</b> Acquisition and Upgrading of Plant and Machinery		<u>25,000,000</u>	<u>25,000,000</u>

The above Reserve is created from the Revenue Reserve during the year of 2008/2009 which would be utilized for acquisition of heavy plant and machinery such as power plant, sterilizer etc.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

		As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
<b>13 SINKING FUND</b>			
Transferred from Retained Earnings		1,689,978	1,689,978
		<u>1,689,978</u>	<u>1,689,978</u>
The Sinking Fund created from the proceeds of the cans sold to the farmers. The said fund will be utilized to meet the financial requirement of purchases intended to issue on recovery basis to farmers in the future.			
<b>14 DEFERRED TAX LIABILITY</b>			
At the Beginning of the Year		-	-
Charge (to)/from Statement of Comprehensive Income		-	-
At the End of the Year		<u>-</u>	<u>-</u>
<b>14.1</b>	Tax effect on Temporary Difference on Property, Plant and Equipment		784,548,101
	Tax effect on Temporary Difference on Retirement Benefit Obligations		(91,219,106)
<b>Less:</b>	Tax effect on Temporary Differences on Tax Losses		(949,598,697)
	Probable Deferred Tax Liability		<u>(256,269,701)</u>
Deferred tax assets amounting to LKR 188,811.584 have not been recognised in the financial statements as there are no sufficient taxable temporary differences or convincing evidence that sufficient taxable profits will be available against which the unrecognised deferred tax assets can be utilised by the Company.			
<b>15 LOANS AND BORROWINGS</b>			
<b>15.1 Interest Bearing Borrowings</b>			
Payable within One Year	<b>15.1.1 to 15.1.4</b>	96,110,896	135,419,841
Payable after One Year	<b>15.1.1 to 15.1.4</b>	18,449,096,221	18,572,055,438
		<u>18,545,207,117</u>	<u>18,707,475,279</u>
<b>15.1.1 Short term loans</b>			
Short term loans taken from Pan Asia Bank		-	15,727,311
		<u>-</u>	<u>15,727,311</u>
<b>15.1.2 Gross Lease Creditor</b>			
Balance at the Beginning of the Year		45,373,000	48,772,108
During the Year Additions		-	27,049,248
During the Year Payments		(23,426,318)	(30,448,356)
Balance at the end of the Year		<u>21,946,682</u>	<u>45,373,000</u>
<b>Interest in Suspense</b>			
Balance at the Beginning of the Year		6,871,776	5,860,539
On Lease Facility Obtained During the Year		-	6,236,748
Amount Transferred to Statement of Comprehensive Income		(3,968,828)	(5,225,511)
Balance at the End of the Year		<u>2,902,948</u>	<u>6,871,776</u>
Net Liability		<u>19,043,734</u>	<u>38,501,224</u>
Current Maturity Portion		9,444,408	19,454,480
Long-Term Maturity Portion		9,599,326	19,046,744
		<u>19,043,734</u>	<u>38,501,224</u>

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

	As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
<b>15.1.3 Bank Loans and Borrowings</b>		
Balance at the Beginning of the Year	238,749,870	361,686,067
Received During the Year	-	-
<b>Less:</b> During the Year Payments	(127,083,362)	(122,936,197)
Balance at the End of the Year	111,666,508	238,749,870
Current Maturity Portion	86,666,488	100,238,050
Long-Term Maturity Portion	25,000,020	138,511,820
	111,666,508	238,749,870

Assets pledged as collaterals to above loans and borrowings are disclosed in note no. 30 to these financial statements.

**15.1.4 Borrowings From Treasury of The Government of Sri Lanka**

Balance at the Beginning of the Year	18,414,496,875	17,921,082,356
Granted During the Year	-	493,414,518
Balance at the End of the Year	18,414,496,875	18,414,496,875
Current Maturity Portion	-	-
Long-Term Maturity Portion	18,414,496,875	18,414,496,875
	18,414,496,875	18,414,496,875

- (a) Milco (Pvt) Limited, on 31st December 2009, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for the modernization of processing factories (The Project) of the company at a cost of Euro 33.7mn.

Cabinet paper No.12/1141/504/104 (Revision of original cabinet decision dated 23rd November 2011) presented by the Minister of Finance and Planning on “Modernization of processing Factories of Milco (Private) Limited” had been approved by the Cabinet on 18th August 2012 and accordingly, it was authorized to the Department of External Resources to Borrow Euro 33.7mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Finance and Planning. It also authorized the Treasury of Government of Sri Lanka to sign an on-lending agreement with Milco (Private) Limited.

Subsequently, the Government of Sri Lanka entered into an on-lending agreement with Milco (Private) Limited for the borrowings of Euro 33.7mn from the aforesaid party under the following conditions.

- i. Repayment of principal, interest, commitment fee, structuring fee and other costs shall be made in Rupees to the Treasury of Government of Sri Lanka.
- ii. An amount equivalent to Euro 2,274,016.40 is payable up-front as EKF Premium.
- iii. Overdue charges at 2% per annum, in the event of default of payments.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

- (b) Milco (Pvt) Limited, on 15<sup>th</sup> May 2015, entered into an agreement with Desmi Contracting A/S, a company incorporated in Denmark, for establishment of a dairy processing plant at Badalgama (The Project) of the company at a cost of Euro 63.9Mn.

Cabinet paper No.14/1399/511/001-i (Dated 9th October 2014) presented by the Ministry of Livestock and Rural Community Development on “Establishment of a Dairy Processing Plant at Badalgama” was approved by the Cabinet on 17<sup>th</sup> December 2014 and accordingly, authorized to the Department of External Resources to Borrow Euro 63.9mn from Export Credit Fund (EKF) of Denmark on the terms agreed upon by the Ministry of Livestock and Rural Community Development (Ref:MLRCD/03/15).

Subsequently, the Government of Sri Lanka entered in to an on-lending agreement behalf of the Milco (Private) Limited with Hongkong and Shanghai Banking Limited (HSBC) for the borrowings of Euro 63.9mn from the aforesaid party under the following conditions.

- i. Repayment of principal, interest, commitment fee, structuring fee and other costs shall be made in Rupees to the Treasury of Government of Sri Lanka.
- ii. An amount equivalent to Euro 2,234,919 is payable up-front as (Eksport Kredit Fonden/Export Credit Fund) EKF Premium.
- iii. An amount equivalent to Euro 19,180,692.30 (30% of the contract value) has been paid to Desmi Contracting A/S by Milco (Pvt) Ltd as an advance payment in 2015 pursuant to the terms of contract
- iv. Over due chargers at 2% per annum, in the event of default of payments.

As at 31st December 2020, the project was in progress, 43 shipments have been arrived to the location for a value of EURO 36,630,705.55 (100% of the shipment value) and 14 milestone payments were released to the contractor amounting to EURO 21,721,006.23

Milco (Private) Limited has not signed the subsidiary loan agreement with General Treasury to the Government of Sri Lanka as yet.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
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**15.2 Non-Interest Bearing Borrowings**

**Long-Term Portion**

National Milk Board	2,108,063	2,108,063
	<u>2,108,063</u>	<u>2,108,063</u>

**16 RETIREMENT BENEFIT OBLIGATION - GRATUITY**

Balance at the Beginning of the Year	651,565,041	527,308,101
Current Service Cost	49,755,160	36,401,372
Interest Cost	66,655,104	61,853,240
(Gain)/ Loss from Changes in Assumption	109,295,614	67,714,812
Payment Made During the Year	<u>(35,718,123)</u>	<u>(41,712,485)</u>
Balance at the End of the Year	<u>841,516,881</u>	<u>651,565,041</u>

Messrs. Actuarial & Management Consultants (Private) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity using the projected unit credit method as at 31<sup>st</sup> December, 2020. Appropriate and compatible assumptions were used in determining the cost of retirement benefits.

**The Principal Assumptions Used were as Follows:**

Expected Salary Increment	10% p.a
Discount Rate	7.39% p.a
Staff Turnover Factor	5% p.a
Maximum Retirement Age	60 Years

**Sensitivity of Assumptions Employed in Actuarial Valuation**

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employee benefits liability measurement.

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

Increase/ (Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Effect on Change to Statement of Comprehensive Income Rs.	Effect on Employee Benefit Obligation Rs.
1%	*	63,566,366	777,950,515
-1%	*	(72,679,048)	914,195,929
**	1%	(73,989,742)	915,506,623
**	-1%	65,978,197	775,538,684

\* Salary Increment Rate 10% for the Company

\*\* Discount Rate 10.23%

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

	As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
<b>17 GOVERNMENT GRANT</b>		
<b>17.1</b> Balance at the Beginning of the Year	29,079,994.09	16,447,596
Grant Received During the Year	-	-
Grant Recognized to the Statement of Comprehensive Income During the Year	(8,998,110)	(12,632,398)
Balance at the End of the Year	<u>20,081,884</u>	<u>29,079,994</u>
<b>17.2 Deferred Government Grant</b>		
Grant of Samanthurai	618,801	764,401
Grant of Thimilathive	765,000	945,000
Grant of Milk Cans	114,392	114,392
Grant of 14 Sales Outlets	468,750	543,750
Grant of LCRD	16,000,582	16,000,582
Grant of Cooling tanks	727,792	6,086,091
Grant of Electric Grass Cutters	52,776	52,776
Grants of Coolers	1,333,793	4,573,003
	<u>20,081,884</u>	<u>29,079,994</u>
<b>18 TRADE AND OTHER PAYABLES</b>		
Trade Creditors	262,896,321	222,900,853
Expense Creditors	346,801,069	424,278,363
Other Payables	165,778,518	114,908,066
	<u>775,475,909</u>	<u>762,087,282</u>
<b>19 BANK OVERDRAFTS</b>		
Bank of Ceylon	414,044,838	899,630,332
People's Bank	240,439,753	252,445,022
Pan Asia	19,144,218	248,762,546
	<u>673,628,809</u>	<u>1,400,837,901</u>

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

	<b>For the Year Ended 31st December, 2020 Rs.</b>	<b>For the Year Ended 31st December, 2019 Rs.</b>
<b>20 REVENUE</b>		
Gross Sales	11,104,710,548	10,509,415,104
Nation Building Tax	-	(195,594,831)
	<u>11,104,710,548</u>	<u>10,313,820,273</u>
<b>21 OTHER INCOME</b>		
Surcharges on Returned Cheques	2,363,316	6,415,722
Non Refundable Deposit	24,000	42,500
Non Refundable tender Deposit	163,500	513,000
Differed Income	8,998,110	12,632,398
Registration of Suppliers	3,248,000	3,572,000
Sundry Income	3,351,759	2,226,434
Exchange Gain	14,127,003	-
Fines & Surcharges	434,922	1,159,556
House Rent	444,151	1,782,804
Sale of Unserviceable Items	292,648	579,231
Disposal gain	28,367	566,035
Margin on Liquid Milk Sale	-	220,042
	<u>33,475,777</u>	<u>29,709,723</u>
<b>22 FINANCE INCOME</b>		
Interest on Call/Fixed Deposit - Local	14,760,152	19,930,044
Interest on Fixed Deposit - Foreign Currency (USD)	31,134,260	23,178,274
Interest on Staff Loans	7,078,169	6,818,527
	<u>52,972,581</u>	<u>49,926,845</u>
<b>23 FINANCE COSTS</b>		
Interest on Finance Lease	3,968,914	5,218,823
Interest on Loans	10,260,496	38,258,234
Interest on Bank Overdrafts	105,510,572	152,362,290
	<u>119,739,982</u>	<u>195,839,348</u>



**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2019**

**24 INCOME TAX EXPENSES**

Current Income Tax Provision	<b>24.1</b>
Deferred Tax Charge for the Year	<b>14</b>

As at 31st December, 2020 Rs.	As at 31st December, 2019 Rs.
-	-
-	-
-	-
317,106,364	(862,714,548)
	(50,492,880)
	(913,207,428)
	(1,173,494,460)
	-
	14%
	-
	49,926,845
	14%
	6,989,758
	(6,989,758)
	-

**25 EARNINGS/(LOSS) PER ORDINARY SHARE**

Basic Earning Per Share is calculated by dividing the net profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue.

	2020 Rs.	2019 Rs.
Net Profit/(loss) Attributable to Ordinary Shares	207,810,750	(862,714,548)
Weighted Average Number of Ordinary Share	31,945,406	31,945,406
	6.51	(27.01)

**25.1 Diluted Earnings Per Share**

There is no potentially diluted ordinary share of the company and as a result, the diluted earnings per share is the same as basic earnings (loss) per share as shown above.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

**26 UNRECOGNIZED CONTRACTUAL COMMITMENTS**

There have been no capital commitments contracted but not provided for, or authorized by the board but not contracted for, outstanding as at the reporting date except as detailed below.

**27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**27.1 Contingent Liabilities**

There are no contingent liabilities as at the reporting date, except following.

01. Certain employees and past employees have filed cases in the labor Tribunal against the Company Claiming back wages, re-instatement ...etc. for arbitration and also fundamental rights against the company. Since a reliable estimate of the amounts which will be resulting a future cash out flow can not be made and the out come is unknown, a provision had not been made in the accounts in respect of above contingencies.

02. Milco (Pvt) Ltd had contracted M/S Super Neat Technology (Pvt) Ltd for procurement of UPS (uninterrupted power supply) to Ambewela Milk Factory, for a consideration of Rs.94,906,281.25 in 2018. However, subsequently in 2019, the board of directors has decided to cancel the tender on the ground of inadequate funds to pay supplier and some flaws noted in the procurement process.

Following the above, the supplier, M/S Super Neat Technology (Pvt) Ltd filed a case against Milco (Pvt) Ltd in 2019 to recover the losses incurred by them due to cancelation of tender. Legal proceedings are in-progress as of the reporting date and no provision has been made in the financial statements as a reliable estimate can not be made on the same..

**27.2 Contingent Assets**

There are no contingent assets as at the reporting date.

**28 RELATED PARTY DISCLOSURE**

**28.1 Substantial Shareholding and Ultimate Ownership**

The company is a wholly owned government enterprise, which holds 100% ordinary shares of the company.

**28.2 Key Management Personnel Information**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

The remuneration of directors and other members of key management during the year were as follows:

	<b>For the Year Ended 31st December 2020</b>	<b>For the Year 31st December 2019</b>
Short-term employee benefits	<u>2,527,657</u>	<u>3,957,907</u>

**28.3 Related Party Transactions**

As per the declaration made by the directors of the company, there were no significant related party transactions taken place throughout the period which would require to be disclosed as per Sri Lanka

**29 COMPARATIVE INFORMATION**

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

**30 ASSETS PLEDGED AS COLLATERALS**

Following assets have been pledged as security against loans

<b>Nature of Liabilities The Name of Bank</b>	<b>Loan / Facility Granted Rs.</b>	<b>Balance Outstanding As At 31.12.2020 Rs.</b>	<b>Balance Outstanding As At 31.12.2019 Rs.</b>	<b>Repayment</b>	<b>Assets Pledged</b>
Loan granted by Bank of Ceylon	700,000,000	46,666,480	11,666,500	Repayable in 120 equal monthly instalments of Rs.5,833,335/-	Fixed Deposits Amounting US\$ 3,150,040.69 of Bank of Ceylon.
Loan granted by Bank of Ceylon	120,000,000	15,000,000	45,000,000	Repayable in 48 equal monthly instalments of Rs.2,500,000/-	Fixed Deposits Amounting US\$ 3,150,040.69 of Bank of Ceylon.
Loan granted by Bank of Ceylon	100,000,000	49,999,984	77,083,326	Repayable in 48 equal monthly instalments of Rs.2,083,334/-	Fixed Deposits Amounting US\$ 3,150,040.69 of Bank of Ceylon.
Bank Overdraft facility provided by Bank of Ceylon	600,000,000	312,267,147	629,192,300	On Demand	Stock in trade movables and effect of the obligation including stocks of packing materials and finished goods and other moveable property lying in and upon or stored at No. 45, Nawala Road, Narahenpita in the district of Colombo, Western Province and present and or future book debts of the company.
Bank Overdraft facility provided by People's Bank	189,500,000	177,426,763	187,669,547	On Demand	Fixed deposit amounting to Rs. 210,000,000.
Post Dated Cheque discounting facility provided by Bank of Ceylon	75,000,000	4,500	58,983,395	On Demand	Lodgment of Trade related Post dated Cheques.
Post Dated Cheque discounting facility provided by Pan Asia Bank	300,000,000	18,984,512	58,983,395	On Demand	Lodgment of Trade related Post dated Cheques.
Bank Overdraft facility provided by Pan Asia Bank	100,000,000	-	100,000,000	On Demand	Fixed deposit amounting to Rs. 50,000,000 and lodgment of Trade related Post dated Cheques.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

**31 EVENTS AFTER THE REPORTING DATE**

There have been no material events that occurred between the reporting date and the date on which the financial statements were authorized for issue that require adjustments to, or disclosures in the Financial Statements, except following.

Cabinet paper no. 21/0199/323/012 dated 11.01.2021, presented by the Ministry of Agriculture on "Modernization project of Polonnaruwa, Ambewela and Digana dairy factories" was approved by the cabinet on 08.02.2021.

Accordingly, approval was grant to;

- a. convert the loan on-lent to Milco (Pvt) Ltd, as equity contribution of General Treasury.
- b. waive off the outstanding loan interest as at 31.12.2020.

**32 FAIR VALUE OF FINANCIAL INSTRUMENTS**

**32.1 Fair Value of the Financial Instrument Carried at Amortized Cost**

Set out below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and liabilities.

	<b>Carrying Amount Rs.</b>	<b>Fair Value Rs.</b>
<b>Financial Assets</b>		
Financial Instrument - Amortised cost	811,519,828	811,519,828
Trade and Other Receivables	1,075,070,238	1,075,070,238
Cash and Cash Equivalents	17,228,129	17,228,129
<b>Total Financial Assets</b>	<b>1,903,818,195</b>	<b>1,903,818,195</b>
<b>Financial Liabilities</b>		
Trade and Other Payables	775,475,909	775,475,909
Interest Bearing Loans and Borrowings	111,666,508	111,666,508
Payable to the Treasury of Government of Sri Lanka	18,414,496,875	18,414,496,875
Bank Overdraft	673,628,809	673,628,809
<b>Total Financial Liabilities</b>	<b>19,975,268,100</b>	<b>19,975,268,100</b>

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

**32.1 Fair Value of Financial Assets and Liabilities Not Carried at Fair Value**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the financial statements.

**Assets for which fair Value Approximate Carrying Value**

For the financial assets and financial liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposits without a specific maturity period.

**33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**33.1 Introduction**

Risk is inherent in the company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the company's continuing profitability and each individual within the company is accountable for the risk exposures relating to his or her responsibilities.

**Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has delegated its authority to its key management personnel who are responsible for developing and monitoring company's risk management policies.

**Principal Financial Instruments**

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

**Instrument**

- Trade Receivables
- Cash and Cash Equivalents
- Trade and Other Payables
- Bank Overdrafts
- Bank Loans

**33.2 Credit Risk – Default Risk**

Credit risk is risk arising due to the uncertainty in counterparty's ability to meet its obligations. The risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meets a contractual obligation.

**MILCO (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT 31ST DECEMBER, 2020**

**33.3 Liquidity Risk and Funding Management**

Liquidity risk refers to the possibility of company not having sufficient cash to meet its payment obligations. This arises primarily due to mismatches in the maturity profile of company's assets and liabilities. Adequate liquidity is critical to meet the company's financial commitment and to accommodate additional funding needs of the growing business volumes.

The company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles.

**33.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities**

Company	On Demand Rs.	Less than 2 Months Rs.	2 to 12 Months Rs.	1 to 5 Years Rs.	Over 5 Years Rs.	Total Rs.
Financial Instrument - Held to Maturity	-	-	-	811,519,828	-	811,519,828
Trade and Other Receivables	-	1,075,070,238	-	-	-	1,075,070,238
Cash and Cash Equivalents	17,228,129	-	-	-	-	17,228,129
<b>Total Financial Assets</b>	<u>17,228,129</u>	<u>1,075,070,238</u>	<u>-</u>	<u>811,519,828</u>	<u>-</u>	<u>1,903,818,195</u>
<b>Financial Liabilities</b>						
Trade and Other Payables	-	775,475,909	-	-	-	775,475,909
Interest Bearing Loans and Borrowings	-	14,444,415	72,222,073	25,000,020	-	111,666,508
Payable to the Treasury of Government of Sri Lanka	-	-	-	-	18,414,496,875	18,414,496,875
Bank Overdraft	673,628,809	-	-	-	-	673,628,809
<b>Total Financial Liabilities</b>	<u>673,628,809</u>	<u>789,920,323</u>	<u>72,222,073</u>	<u>25,000,020</u>	<u>18,414,496,875</u>	<u>19,975,268,100</u>
<b>Total Net Financial Assets/ (Liabilities)</b>	<u>(656,400,681)</u>	<u>285,149,915</u>	<u>(72,222,073)</u>	<u>786,519,808</u>	<u>(18,414,496,875)</u>	<u>(18,071,449,906)</u>

**33.4 Interest Rate Risk**

Interest rate risk is a key constitute of the market risk exposure of the company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

As of the reporting date, the company has no interest rate sensitive financial assets or financial liabilities.

**MILCO (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2020**

		<b>For the Year Ended 31st December, 2020 Rs.</b>	<b>For the Year Ended 31st December, 2019 Rs.</b>
	<b>Note</b>		
Revenue		11,104,710,548	10,313,820,273
Cost of Sales	<b>I</b>	(9,703,560,044)	(9,917,539,530)
<b>Gross Profit</b>		1,401,150,505	396,280,743
Other Operating Income	<b>II</b>	33,475,777	29,709,723
		1,434,626,282	425,990,466
Administrative Expenses	<b>III</b>	(707,165,072)	(688,427,005)
Distribution Expenses	<b>IV</b>	(336,890,593)	(399,206,715)
Other Expenses	<b>V</b>	(6,696,851)	(55,158,791)
<b>Profit/ (Loss) from Operations</b>		383,873,765	(716,802,045)
Finance Income	<b>VI</b>	52,972,581	49,926,845
Finance Expenses	<b>VII</b>	(119,739,982)	(195,839,348)
<b>Net Profit/ (Loss) Before Taxation</b>		317,106,364	(862,714,548)
Income Tax Expenses		-	-
<b>Net Profit/(Loss) for the Year after Taxation</b>		317,106,364	(862,714,548)

**MILCO (PVT) LTD**  
**DETAIL NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2020**

	<b>For the Year Ended 31st December, 2020 Rs.</b>	<b>For the Year Ended 31st December, 2019 Rs.</b>
<b>I. COST OF SALES</b>		
Cost of Purchase of Raw Milk	5,297,736,481	4,629,414,135
Chilling Cost	412,909,018	425,531,416
Development Cost	262,476,767	260,485,819
Bowser Cost	245,612,988	247,967,584
Net Stock Adjustments on Raw Materials	502,902	488,424
Cost of Other Raw Materials	1,034,614,747	1,099,619,705
Total Cost of Raw Materials	7,253,852,902	6,663,507,082
Cost of Packing Materials	952,755,788	1,313,757,788
Cost of Processing and Packing Labor	480,708,484	552,336,471
Prime Cost	8,687,317,174	8,529,601,341
Energy Cost		
Furnace Oil	344,487,550	329,252,004
Electricity	147,063,404	141,676,555
Diesel	45,548,155	55,173,113
Water	20,858,618	22,103,605
Other Energy Cost	79,523	92,153
Total Energy Cost	558,037,251	548,297,430
Other Consumables		
Lab Chemicals	10,396,662	10,615,442
Detergent & Cleaning Material	53,457,091	68,056,539
Wages and Staff Welfare of Factory Staff	421,221,031	355,224,055
Marginal Cost	9,730,429,209	9,511,794,807
Factory Overheads		
Depreciation of Plant and Machinery	463,178,689	459,788,527
Repairs and Maintenance of Plant and Machinery	102,497,181	194,149,607
Repairs and Maintenance of Buildings	43,835,774	9,643,643
Transport	4,352,162	3,591,535
Insurance	20,465,782	30,730,303
Total Factory Overheads	634,329,589	697,903,615
Total Cost of Production	10,364,758,798	10,209,698,421
Net Stock/ Transfer Adjustments on Finish Goods	(552,236,491)	(224,638,837)
Adjustment for Changes in Actuary Assumption	(109,295,614)	(67,714,812)
Unrealised profit adjustment	333,351	194,758
	9,703,560,044	9,917,539,530



	For the Year Ended 31st December, 2020 Rs.	For the Year Ended 31st December, 2019 Rs.
<b>II. OTHER INCOME</b>		
Surcharges on Returned Cheques	2,363,316	6,415,722
Non Refundable Deposit	24,000	42,500
Non Refundable tender Deposit	163,500	513,000
Differed Income	8,998,110	12,632,398
Registration of Suppliers	3,248,000	3,572,000
Sundry Income	3,351,759	2,226,434
Exchange Gain	14,127,003	-
Fines & Surcharges	434,922	1,159,556
House Rent	444,151	1,782,804
Sale of Unserviceable Items	292,648	579,231
Disposal gain	28,367	566,035
Margin on Liquid Milk Sale	-	220,042
	<u>33,475,777</u>	<u>29,709,723</u>
<b>III. PERSONNEL EXPENSES</b>		
Staff Salaries	253,748,355	229,043,057
Staff Allowances	2,900,985	13,608,970
Contributions to Employees' Provident Fund	24,491,464	21,496,286
Contributions to Employees' Trust Fund	6,017,764	5,360,949
Provision for Defined Benefit Plans - Gratuity	54,799,645	40,298,106
Overtime	15,522,679	13,037,938
Staff Bonus	12,809,704	13,952,543
Casual Wages	2,267,264	1,781,277
Overtime	115,009	22,200
E.P.F.	24,623	10,720
E.T.F.	12,992	2,680
Incentives	2,941,500	1,220,359
Leave Payment	18,566,319	10,330,764
Transport Allowance	3,759,069	3,853,696
Fuel Allowances	1,031,188	1,235,848
Staff Training	287,000	671,600
Medical expenses	2,340,334	1,982,018
Death Donation	220,000	280,000
Gift Vouchers	394,778	350,378
Staff Welfare	25,866,278	13,497,107
Mid day Allowance	345,632	359,010
Field Allowance	493,400	560,600
Uniform	31,052	243,935
Telephone Allowances	111,542	123,500
	<u>429,098,577</u>	<u>373,323,541</u>

	For the Year Ended 31st December, 2020 Rs.	For the Year Ended 31st December, 2019 Rs.
<b>III.I ADMINISTRATION AND ESTABLISHMENT EXPENSES</b>		
Repairs and Maintenance	40,786,024	38,610,720
Directors Expense	2,527,657	6,518,158
Travelling	5,236,336	9,923,389
Garden Maintains	8,983,635	11,617,039
Bank Charges	2,773,782	2,685,539
Bungalow Expenses	173,163	1,480,378
Quality Control Expenses	1,584,579	1,622,190
Depreciation on Property, Plant and Equipment	26,930,175	29,342,782
Legal Charges	2,945,018	4,982,320
Printing and Stationary	7,670,210	12,495,734
Security Charges	53,952,408	54,222,339
PEST control	141,108	556,800
Sundry Expenses	243,667	1,011,907
Electricity expenses	15,711,861	13,900,139
Water expenses	656,940	718,818
Rent & Rates	20,609,735	20,959,813
Stamp Expenses	98,902	16,826
Postage Expenses	294,608	338,883
Advertisement	373,923	546,171
News Papers & Periodicals	405,470	524,480
Vehicle License	356,290	359,693
Vehicle Hiring	2,382,817	3,484,858
Accounting & Auditing expenses	6,272,366	8,628,939
Consultancy Charges	4,493,185	5,656,123
Insurance	25,686,932	28,002,155
Fuel Expenses	27,604,847	29,320,421
DESMI Project Expenses	14,195,695	3,004,165
Telephones Expenses	3,887,447	5,480,713
ESC - Write Off	-	15,364,873
Other Expense	-	94,511
Entertainment Expenses	1,015,405	1,066,002
Exchange loss	-	2,566,588
Charity and donations	72,310	-
	<u>278,066,495</u>	<u>315,103,463</u>
Total Administration Expenses	<u>707,165,072</u>	<u>688,427,005</u>

	For the Year Ended 31st December, 2020 Rs.	For the Year Ended 31st December, 2019 Rs.
<b>IV. SELLING AND DISTRIBUTION EXPENSES</b>		
Advertisements and Sales Promotion	66,855,441	68,377,727
Transport Expenses	91,043,224	115,743,779
Sales Commission	26,710,818	28,282,771
Warehousing Chargers	279,128	8,948,457
Vehicle hiring chargers	22,781,892	40,137,026
Out Let Expense	115,307,573	124,688,644
Repair & Maintanance of Motor Vehicle	(42,523)	476,827
Repairs & Maintenance of Bottle Coolers	114,811	63,266
Fuel	274,065	731,999
Free issues and write off of Finish Goods	13,566,165	11,756,219
	<u>336,890,593</u>	<u>399,206,715</u>
<b>V. OTHER EXPENSES</b>		
Loss on Milk Transfers	1,259,755	-
Stock write-off- Finish goods	5,437,096	47,180,280
Stock write-off- Raw & packing materials	-	7,978,511
	<u>6,696,851</u>	<u>55,158,791</u>
<b>VI. FINANCE INCOME</b>		
Interest on call/fixed deposit	14,760,152	19,930,044
Interest on Fixed Deposit - Foreign Currency (USD)	31,134,260	23,178,274
Interest on Distress Loan	6,857,181	6,453,526
Interest on Motor Cycle Loan	183,569	204,218
Interest on Special Loan	37,419	160,782
	<u>52,972,581</u>	<u>49,926,845</u>
<b>VII. FINANCE COSTS</b>		
Interest on Bank Overdrafts	105,510,572	152,362,290
Lease Interest	3,968,914	5,218,823
Loan Interest	10,260,496	38,258,234
	<u>119,739,982</u>	<u>195,839,348</u>